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LIVING AND LEISURE AUSTRALIA GROUP

COMPRISING:

Living and Leisure Australia Trust
ARSN 092 701 589
(Responsible Entity: Living and Leisure Australia Management Limited
ABN 60 101 634 315, AFSL 280985) and

Living and Leisure Australia Limited
ABN 92 107 863 445

ANNUAL REPORT 2011

Living and Leisure Australia Group (ASX: LLA) is pleased to present its 2011 Annual Report. The Annual Report will be mailed to securityholders who requested a printed copy today.

A copy of the 2011 Annual Report is also available online at www.livingandleisure.com.au/investors/financial-reports

Julanne Shearer

Julanne Shearer
Chair
19 September 2011

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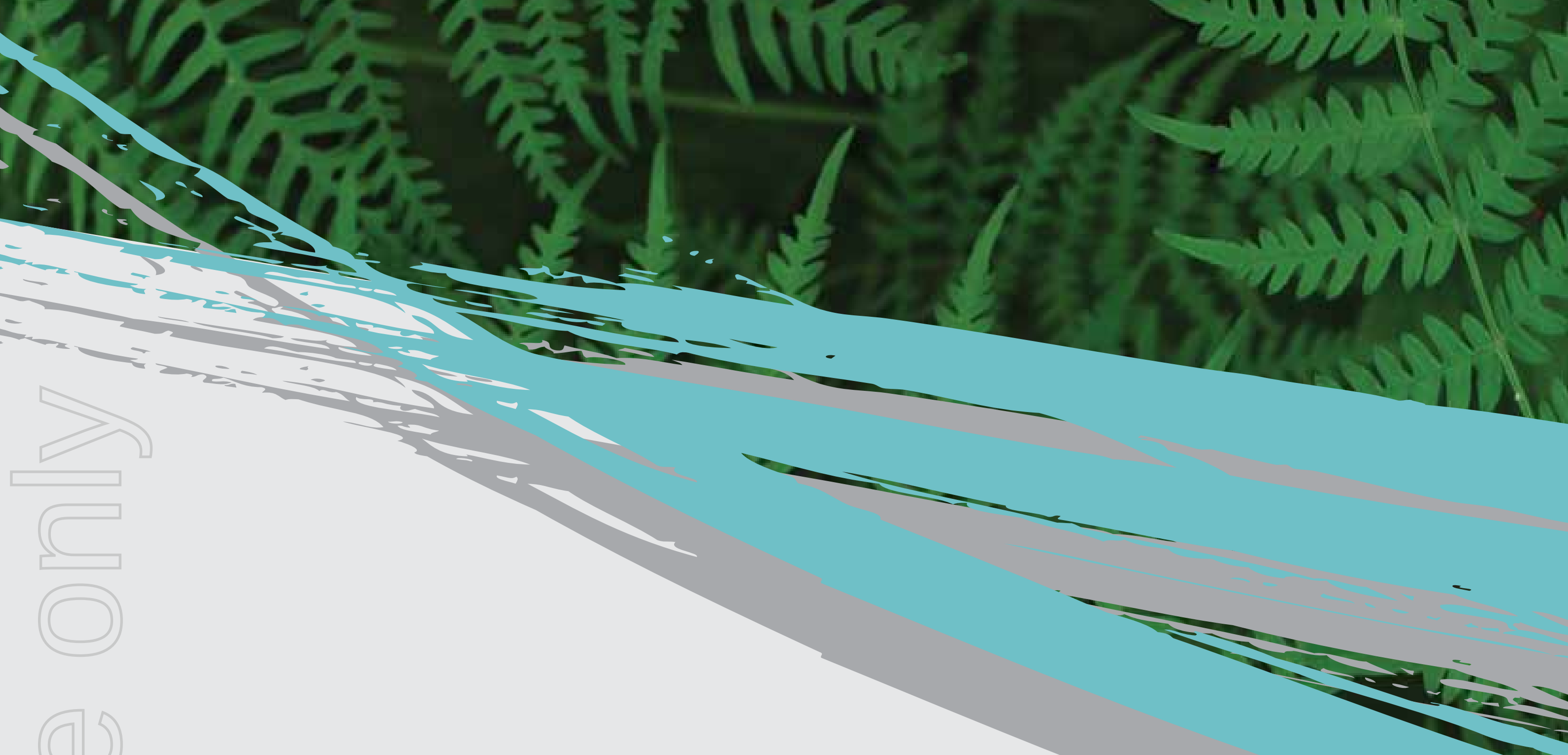
Living and Leisure Australia Group 2011 Annual Report



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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, skifields and treetop 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

Skifields

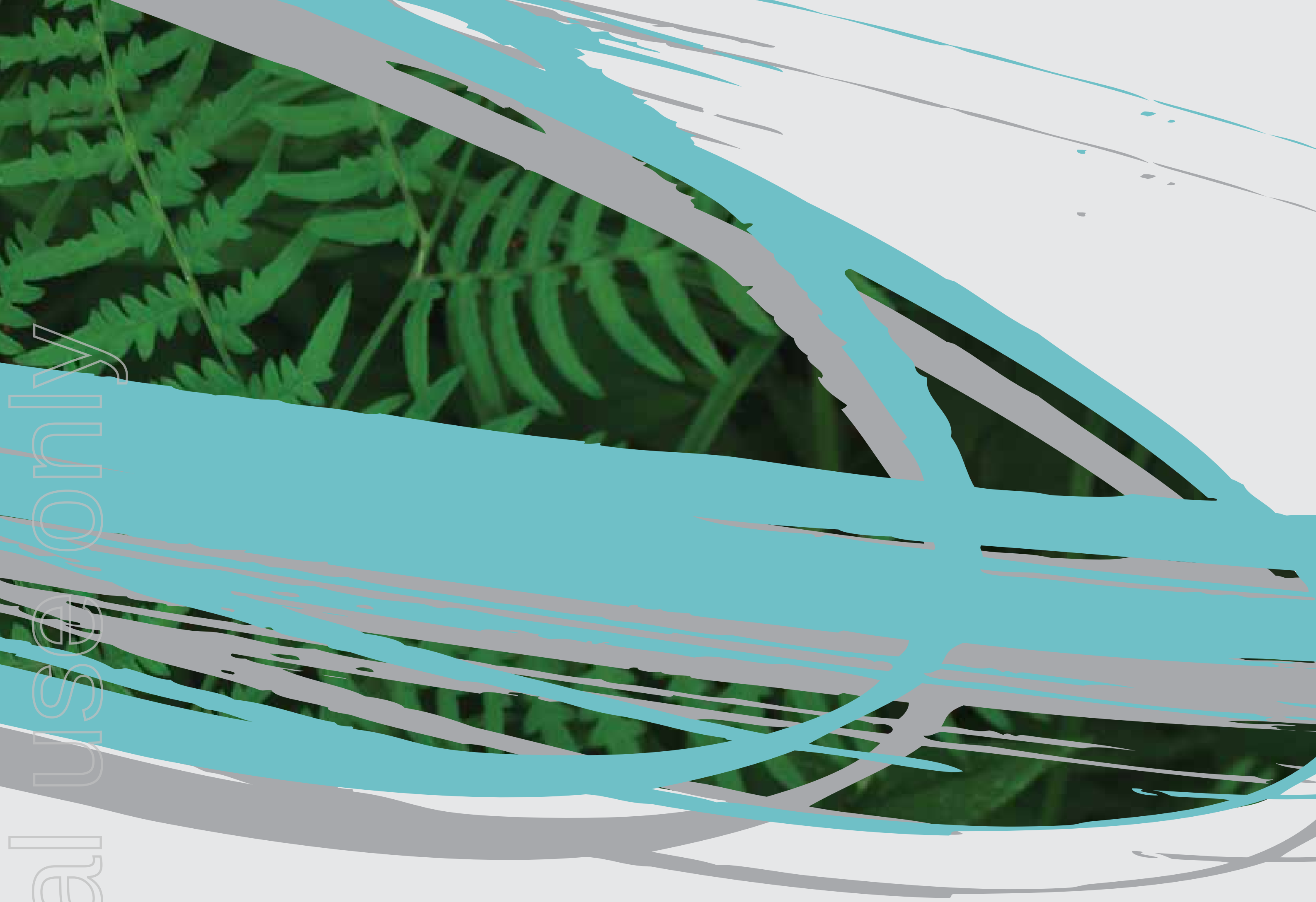
Hotham, Victoria

Falls Creek, Victoria

Australian Treetop Adventures

Otway Fly Treetop Adventures, Otway Ranges, Victoria

Illawarra Fly Treetop Adventures, Knights Hill, New South Wales



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Highlights

Hatching of Melbourne Aquarium's first Gentoo Penguin chicks became Australia's first to be bred in captivity.

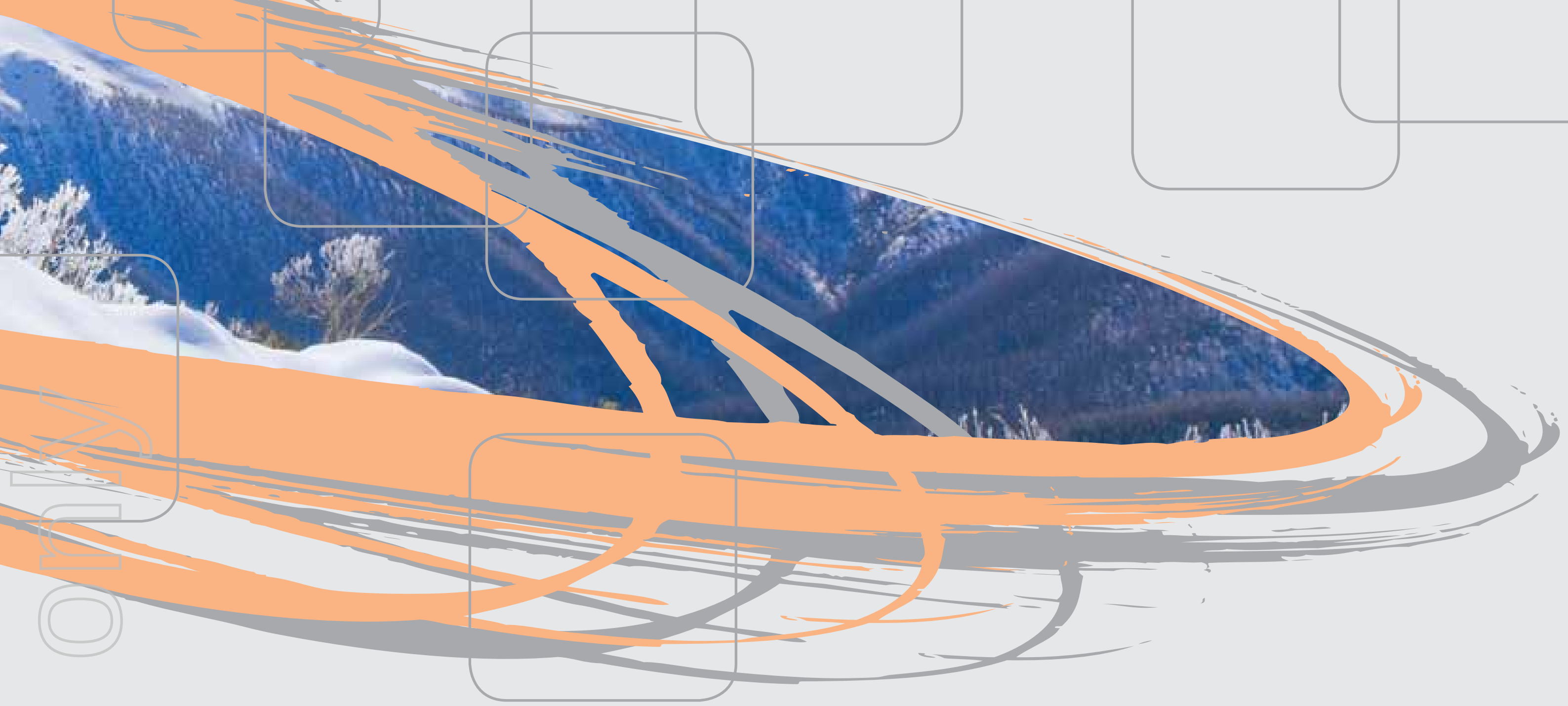
Oceanis

- Hatching of Melbourne Aquarium's first Gentoo Penguin chicks became Australia's first to be bred in captivity. The breeding program is expected to deliver more Gentoo Penguin chick hatchings in time for Christmas 2011.
- Introduced a giant pacific octopus to Melbourne Aquarium's unique displays.
- Showcased a giant frozen hammerhead shark at UnderWater World on the Sunshine Coast and at Melbourne Aquarium.
- Welcomed two additional Beluga Whales, imported from Russia, at Shanghai Chang Feng Ocean World.
- Introduced unique ocean sunfish and baby hammerhead sharks at Busan Aquarium.
- Introduced new seals at UnderWater World.
- Introduced giant clams at Siam Ocean World.

Australian Alpine Enterprises

- The $2.5 million investment in snowmaking infrastructure in FY10 supported visitation to the skifields across the 2010 season and is continuing to drive guests to the Hotham and Falls Creek resorts during the 2011 snow season.
- Investment in snowmaking infrastructure also allowed Falls Creek's Wombats Ramble, the longest beginner run in Australia with a total length of 2.2km, to open two evenings each week for night skiing and snowboarding.
- The 2010 snow season finished strongly with the largest August snowfalls since 1992 contributing to growth in visitation and skier days at both resorts.

The $2.5 million investment in snowmaking infrastructure in FY10 supported visitation to the skifields across the 2010 season.



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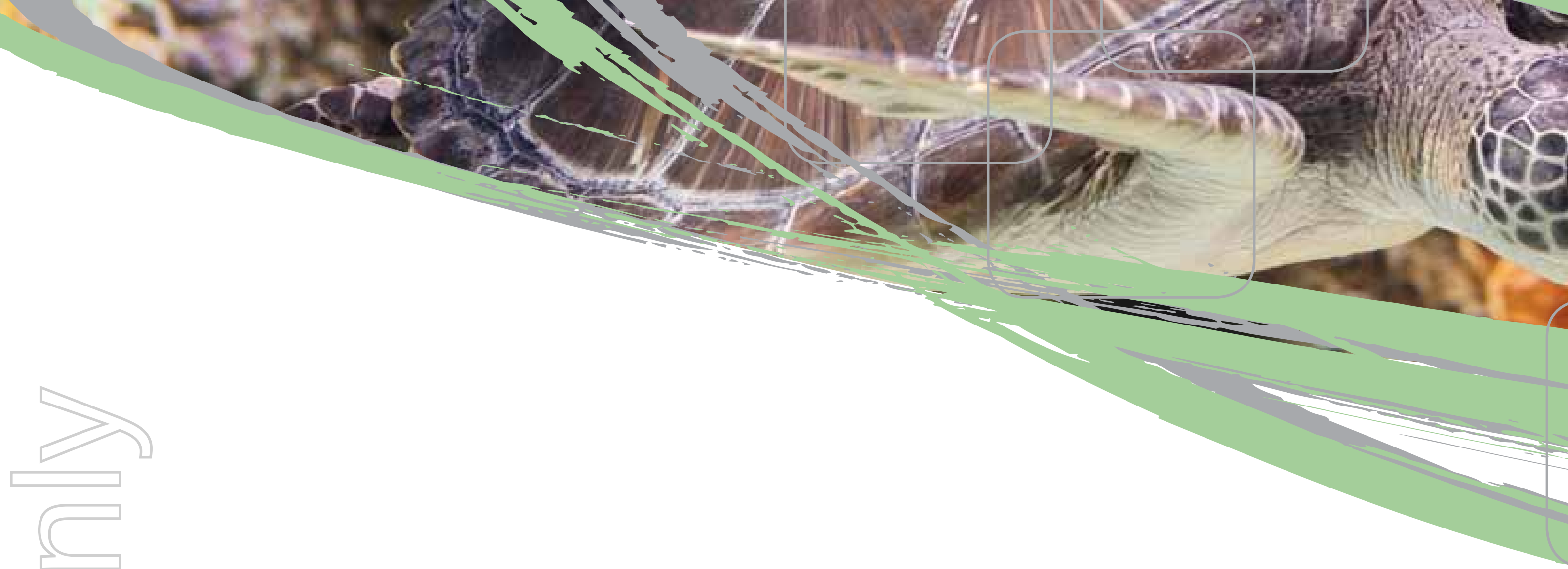
Australian Treetop Adventures

- An exciting $1.4 million Zip Line Adventure Tour opened at the Otway Fly in October 2010.
- The Treetop Walks business was relaunched in its entirety in October 2010 as Australian Treetop Adventures, signalling a new approach and cohesiveness for each of the attractions.
- Easter egg hunts and dinosaur walks helped to attract family groups to the Otway Fly during key holiday periods. An ambassador program, encouraging local residents to return to the attraction with friends and family who visit the region, will continue to be promoted at both attractions in the coming year.
- A group marketing coordinator was appointed for both the Otway Fly and Illawarra Fly Treetop Adventures in July 2010 to ensure marketing strategies build and grow awareness of the attractions among key visitor groups.
- The Otway Fly Treetop Adventures' visitor centre was expanded to improve accessibility of the retail offering for visitors purchasing tickets and leaving the park.

The Treetop Walks business was relaunched in its entirety as Australian Treetop Adventures, signalling a new approach and cohesiveness for each of the attractions.



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Chair's report

Dear securityholders

Thank you for your ongoing commitment to Living and Leisure Australia Group throughout the 2011 financial year.

The hard work and determination of LLA's Board and senior management has been highlighted by this year's financial results across the Group and within its portfolio of attractions. It is pleasing to reflect on the results which have been achieved over the past year.

Throughout FY11, our strategic focus has been around maximising the value that exists in each of our businesses. We have continued to pursue opportunities to enhance the Group's resilience to changing market conditions, primarily through the realisation of the organic growth potential in each aquarium, skifield and treetop adventures business. By minimising cash expenditure and refocusing on the core leisure product, each business achieved marked success in line with the Group's business objectives.

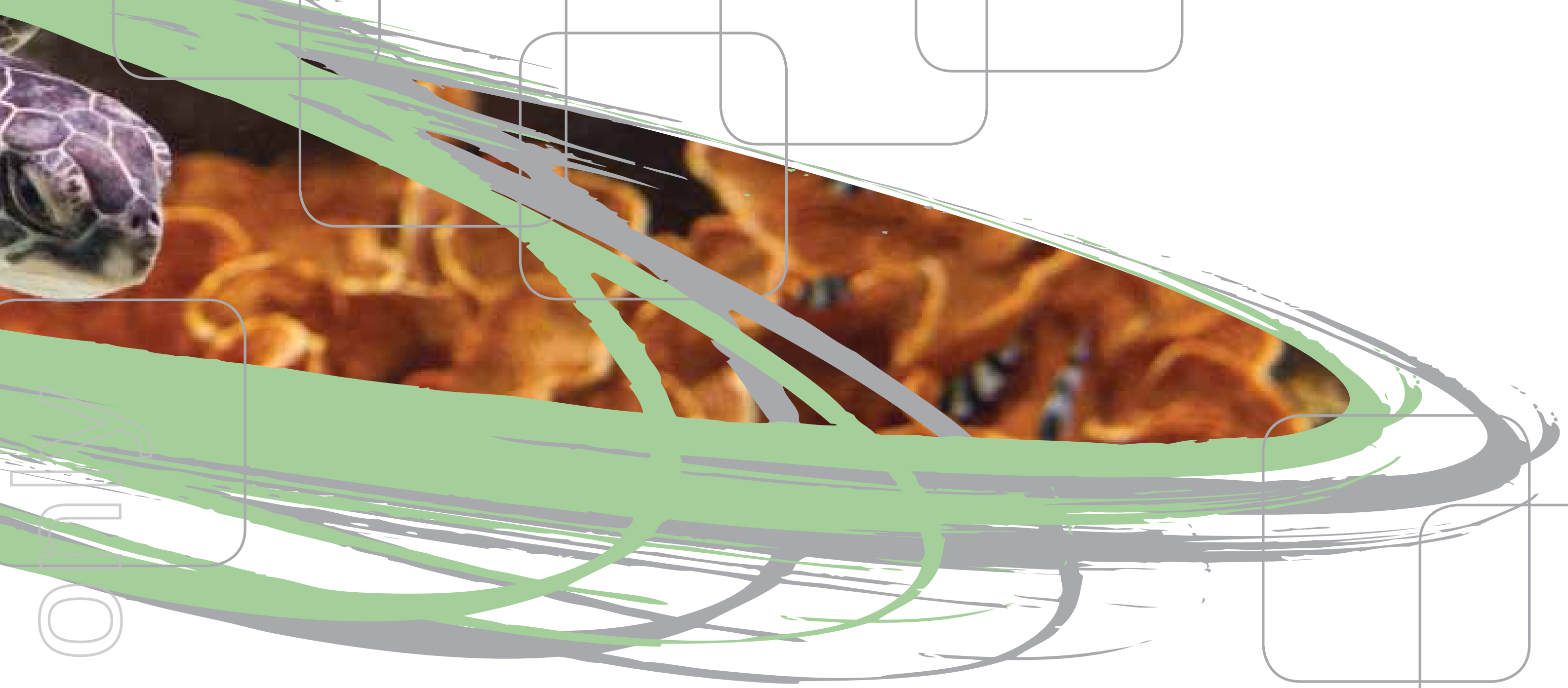
A Group-wide strategy to implement business initiatives tailored to the individual needs of each business and its local leisure market helped to drive increased attendances throughout the year. Despite significant impacts on our Australian aquarium and treetop adventures businesses due to extreme weather events, the stability across staff and management teams helped to drive sustainable, operational efficiencies.

Our results also reflect the Group's steadfast commitment to reducing net debt and our success demonstrated by our strong cash at bank position of $30.9 million as we move into FY12. While geographically diversified, LLA's leisure businesses continue to experience the lasting effects of the Global Financial Crisis as households continue their financial recovery.

The completion of a number of initiatives throughout the year helped to maximise visitors' value for money at our attractions. The successful October 2010 launch of the Zip Line Adventure Tour at the Otway Fly is testament to the success of this approach.

The Zip Line Adventure Tour was built as an 'add-on' to the existing attraction, designed to enhance the existing Otway Fly Treetop Walk attraction in Victoria's Otway Ranges, near the Great Ocean Road tourist drive. The Zip Line Adventure Tour is the first of its kind in Victoria and its addition to the attraction's core leisure offering is encouraging repeat visitation and promoting the Treetop Walk to a broader visitor age group. LLA is currently investigating other possible add-ons to the Illawarra Fly in New South Wales, to again broaden the demographic of visitors and encourage repeat visitation.

The appointment of a new leader to Oceanis has provided the strength and stability required to support the business throughout FY11 and into the future. After 16 years with Oceanis in various marketing and management roles, Geoff Olson took over from Kevin Lehmann as Group General Manager when Kevin retired in July 2010.



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Geoff's leadership will continue to provide a solid framework for strategic and operational improvements which will be implemented across the portfolio of aquariums in FY12 and beyond.

The introduction of new and unique species to the aquariums in FY11 provided the foundation for the growth and development of each business.

Melbourne Aquarium continued to provide unique experiences for visitors with the arrival of its long-awaited Gentoo Penguin chicks in November 2010 – the first in Australia to be bred in captivity, heralding the success of the Aquarium's breeding program, and testament to the quality of the facility and the environment it provides for the animals.

The successful introduction of Beluga Whales to Shanghai Chang Feng Ocean World is already proving to be a popular addition with visitors. The Aquarium is well-positioned to continue to benefit from local infrastructure investment, which is part of China's ongoing economic growth story.

Relative stability within the Thai political environment allowed Siam Ocean World to re-establish its presence within the Bangkok leisure market. Concerns of civil unrest both before and after the recent elections have to this point been unfounded and we are hopeful that this continues to be the case.

While not directly affecting the operation of UnderWater World, the impacts of the devastating Queensland floods in January 2011 reverberated across the State's tourism and leisure market in the second half of FY11. However, concentrating on the core leisure offering allowed the attraction to regain visitors as South East Queensland began to emerge from the devastation. Our thoughts remain with those impacted by the floodwaters. Through the growth and development of UnderWater World and the planned revitalisation of Mooloolaba Wharf, we are committed to playing our part in sustaining the Sunshine Coast's tourism and leisure market, along with the markets in which each of our attractions operate.

LLA is committed to investing in capital expenditure that will return immediate value to the business. The Group's previous investment in snowmaking infrastructure is evidence of this strategy's success. While we were fortunate to have received some of the best snowfalls since 1992 at both resorts during season 2010, the snowmaking infrastructure was critical to the provision of product at the beginning of the season. Good snowfalls at the commencement of the 2011 snow season have helped to drive early season visitation this year.

The snowmaking infrastructure helped to offset a poor start to the snow season in June 2010 at the beginning of FY11 by providing snow cover across key runs at both Falls Creek and Hotham skifields.

The quality product and favourable conditions continue to drive visitors in search of an Australian ski experience to the skifields. However, the Board and management are mindful of a shift in ski holiday planning based on continued economic uncertainty and the strength of the Australian dollar against overseas currencies. With this in mind, we continue to investigate opportunities to counter the changing market approach in order to firstly maintain and secondly grow visitor numbers.

The Group is continuing to progress its exit from the property space by pursuing the final property sales of non-core assets at each resort. Subject to the property market improving we expect to finalise the sale of these properties in a timely manner.

The Group is well-placed to benefit from the expertise and stability of its long-standing management team and I would like to take this opportunity to thank them for their ongoing commitment during the period under review. This year we successfully implemented an incentive scheme to reward our senior leaders that pursue initiatives that lead to building long-term value in the business. The incentive scheme has been well embraced and has resulted in LLA achieving solid financial growth.

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Chair's report (continued)

The completion of a number of initiatives throughout the year helped to maximise visitors' value for money at our attractions.

During the financial year, Brett Chenoweth announced his intention to resign as a director of LLA to focus on his new role as the Chief Executive Officer of a media group. Brett did not stand for re-election at LLA's annual general meeting on 27 October 2010. LLA thank Brett for his contribution during his period as a director of the Group.

Subsequent to FY11, the Board welcomed Michael Johnston and Guy Jalland to the LLA Board as non-executive directors. Michael is the Finance Director of Consolidated Press Holdings ("CPH") and has been a responsible manager of Living and Leisure Australia Management Limited, the responsible entity of Living and Leisure Australia Trust since 25 November 2009. Mr Jalland is a CPH executive and Company Secretary and holds a number of company directorships including Consolidated Media Holdings Limited, FOXTEL Management Pty Limited, Premier Media Group Limited (FOX SPORTS) and the Melbourne Football Club.

Following the period under review, Glenn Wein also announced his resignation as a director of Living and Leisure Australia Limited and Living and Leisure Australia Management Limited. LLA thanks Glenn for his significant contribution to the Group during his tenure as a director.

I look forward to working with LLA's new and remaining directors in FY12 as we continue to improve the Group's strategic framework enabling it to grow through the implementation of critical operational initiatives.

The Board will continue to support and implement initiatives based on our intent to grow the value of the business for the benefit of all securityholders. In line with this strategy, the Board has decided not to pay a distribution this year, however, we remain committed to reviewing this approach each year in line with our growth strategy.

While LLA is not actively seeking acquisition opportunities, we will always review options that may be presented in the best interests of the Group and our securityholders.

Again, I would like to thank you for your ongoing commitment to the Group. Your support allows Living and Leisure Australia Group to continue to grow and develop each of our leisure offerings for the success of the business and all securityholders.

Julanne Shearer

Julanne Shearer
Chair

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Chief Executive Officer's report

To our securityholders

My report this year comes to you following a 12-month period of solid business growth across the Living and Leisure Australia Group portfolio.

Key investments and operational decisions made in previous terms have proven successful and, along with ongoing cost control and careful risk management, have reinforced the consistent approach of aiming to deliver sustainable organic growth.

While FY11 has been marked by challenging economic conditions, extreme weather events and natural disasters, as well as a subdued domestic tourism travel environment, the Group has succeeded in leveraging the quality assets across the many businesses and markets in which we operate to capitalise on a number of key growth opportunities.

I am pleased to say this strategic direction has reflected positively in the Group's results this fiscal year.

Year in review

Our results this year exceed those of the previous period across the Group with total visitations increasing by 14.1% in the aquarium, ski and treetop adventures portfolios.

As a result, the Group achieved total segment earnings before interest, depreciation and amortisation (EBITDA) of $31.7 million, representing a 37.7% increase on the previous period (excluding FY10 Northbank profit). It should be noted that this result was achieved despite the negative impact of the strong Australian dollar.

Total Group revenue of $126.0 million resulted from visitation growth and yield management and reflects the overall quality of our attractions.

At the close of the FY11 financial period, LLA's cash at bank remained strong at $30.9 million with a secure net debt position of $103.3 million.

LLA's strong financial performance is testament to the Group's commitment to the stable growth of each of its aquarium, skifield, and treetop adventures businesses and reflects the resilience of our domestic and international businesses to withstand economic, political and climatic impacts. While there have been difficult periods, our businesses have performed strongly in a climate where the value of the Australian dollar rose to unprecedented levels against the US dollar. The location of our attractions in key tourist destinations also provided a consistent tourist base, which has helped to deflect any significant impacts to visitation.

Despite these challenges, overall visitations were strong over the majority of FY11. A higher than average number of extreme weather events impacted our Australian attractions in FY11. Unseasonal weather, which included floods and torrential rain, impacted visitation to our skifield and treetop attractions causing either closures or access issues.

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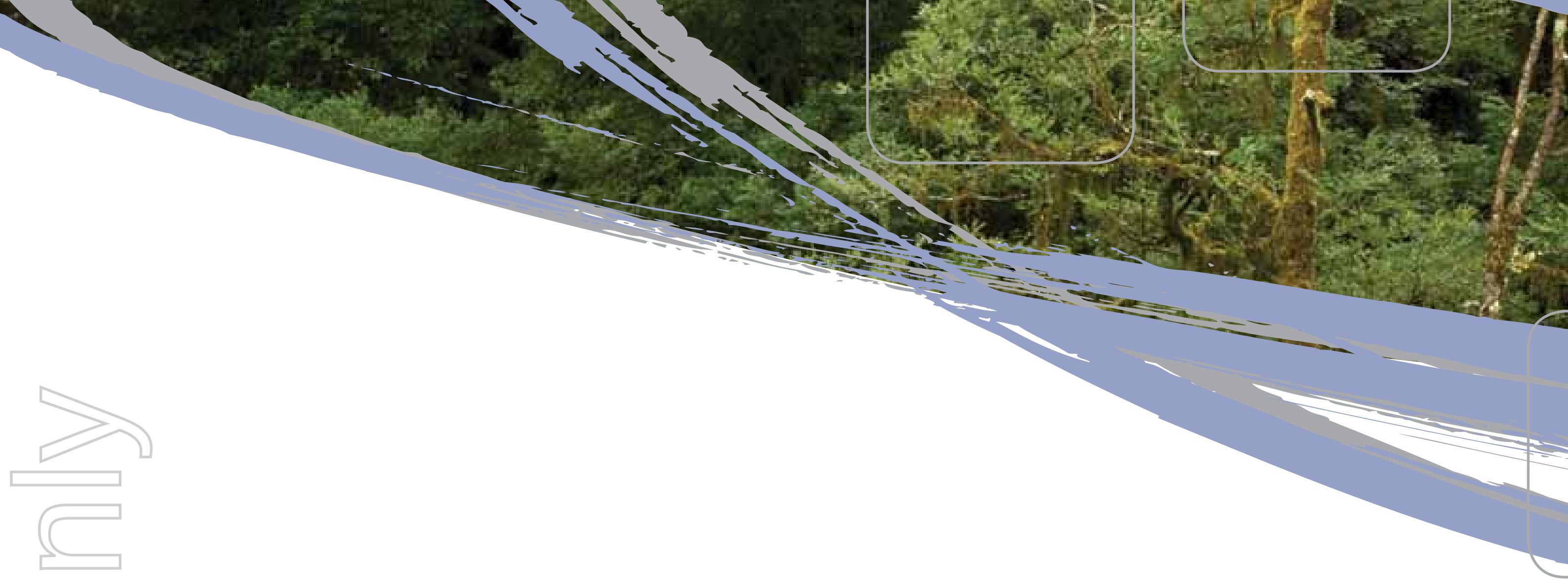

Chief Executive Officer's report (continued)

Total Group revenue of $126.0 million resulted from visitation growth and yield management and reflects the overall quality of our attractions.

The devastating floods in Queensland also impacted visitations to UnderWater World in Mooloolaba, initially limiting access to the site, but more significantly having a profound effect on tourist visits to the region for several months after the event.

The commitment and focus of the management teams at each of our overseas attractions to achieve a number of key goals throughout the year ensured high-quality offerings which demonstrated the resilience of each business and helped mitigate any local impacts to visitation.

It is our goal to ensure LLA's attractions continue to meet visitors' needs and that each business is well placed to quickly respond to the constantly changing tourist demographic visiting our attractions. It is important that we continue to maximise each attraction's inherent value through a controlled investment and expenditure approach, and this year's results have reinforced the value of pursuing this operational strategy.

Business initiatives

FY11 has been both a financial and strategic success for the Group.

The introduction of the world-class Zip Line Adventure Tour at the Otway Fly in October 2010 adds to the attraction's leisure offering, providing visitors to the treetop walk with a thrill-seeking opportunity to 'zip' swiftly between eight 'cloud stations' high in the forest canopy.

The attraction is unique to Victoria and is an exemplar of the strategic approach to maximise the value of our quality assets, such as the treetop walk's natural adventure.

The treetop business was rebranded in October 2010 bringing both the Illawarra Fly and Otway Fly attractions under the Australian Treetop Adventures banner. This strategic rebranding aims to help build the profile of the treetop walk attractions while providing the platform through which the Group can investigate opportunities to help boost visitation through organic growth initiatives.

During the year, the Group's renewed focus on the core leisure product led to the introduction of new and interesting species to its aquarium attractions. This will remain our focus across the Oceanis business in the coming year as we continue to incorporate unique sea creatures into the offers to enhance the visitor experience. In FY11 the Group also commenced its refreshment of elements of the Mooloolaba Wharf area, which is home to UnderWater World on the Sunshine Coast.

In line with previous years, we will also continue to implement initiatives to maximise the existing value of our current attractions. The $2.5 million investment in snowmaking infrastructure in FY10 supported visitation to the skifields across the 2010 season and is continuing to drive guests to the resorts this 2011 snow season.

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People

LLA's corporate leadership team remained stable throughout the year and the key management team that was recruited as a result of the Group's 2008 recapitalisation remains in place. Their expertise and leadership provide the momentum for our strategic direction.

During the year, a number of key appointments were made across the portfolio to ensure the Group's management team is well-equipped to deliver LLA's operating strategy.

Geoff Olson, the new Group General Manager of Oceanis, was appointed in July 2010 following the retirement of Kevin Lehmann. Geoff has been with the Oceanis Group since 1994 and has a thorough knowledge of all Oceanis attractions having been directly involved in the development and operation of all assets, except Melbourne. In December 2010, Mark Manteit was appointed General Manager of Melbourne Aquarium.

We do not envisage any significant changes to our corporate or attraction management teams during the coming term, which will ensure consistency as we implement our corporate strategy.

The year ahead

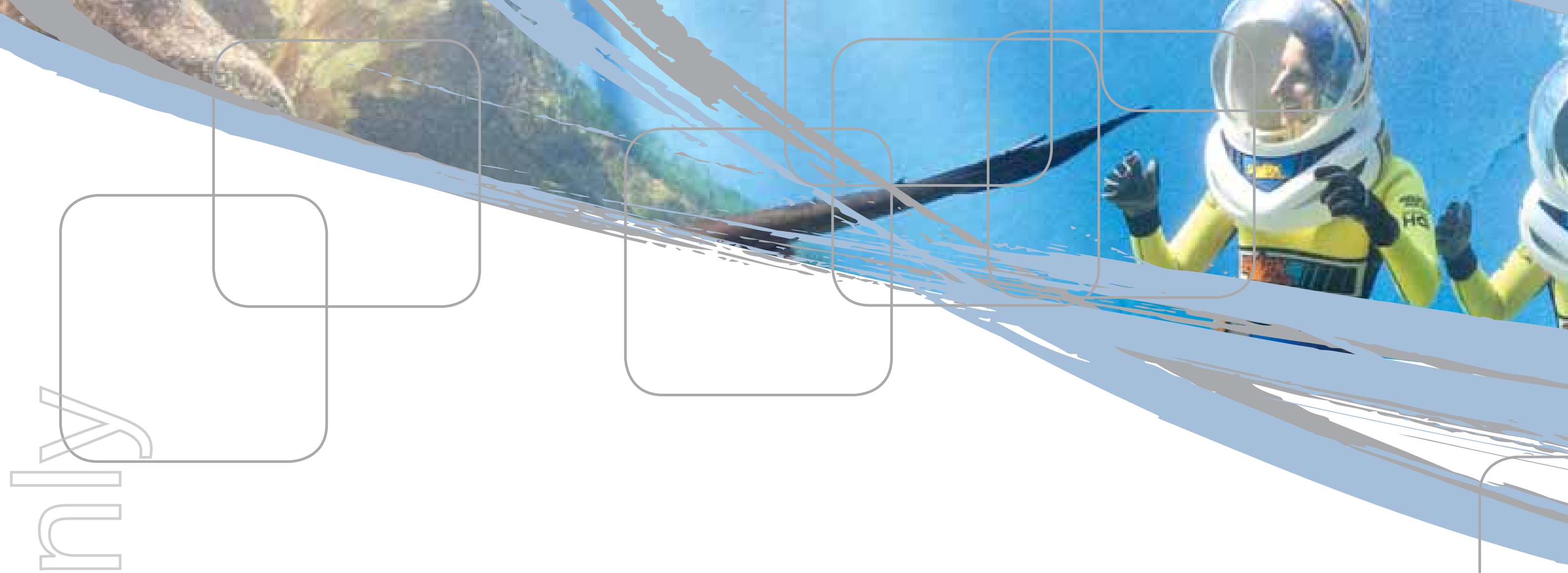
We are approaching FY12 with the same drive and determination that has seen us achieve increasingly strong results year-on-year since 2008. While acquisitions are not being actively sought, in the interests of maximising securityholder value, we remain committed to reviewing all opportunities presented to the Group.

The Group remains focused on growing securityholder value by reducing net debt levels and we will continue to address changes in the demographic of our visitors, both domestically and internationally, by adapting the leisure offering of our existing businesses to meet the changing demands of our market.

As we continue into the new term, our focus remains on strengthening our core leisure offering and maximising visitation by leveraging each business' core strengths. LLA will also continue to implement cross-marketing initiatives across the portfolio as a key platform of our growth strategy.

I thank you for your ongoing support and look forward to continuing our growth strategy for the benefit of all investors.

John Schryver
Chief Executive Officer



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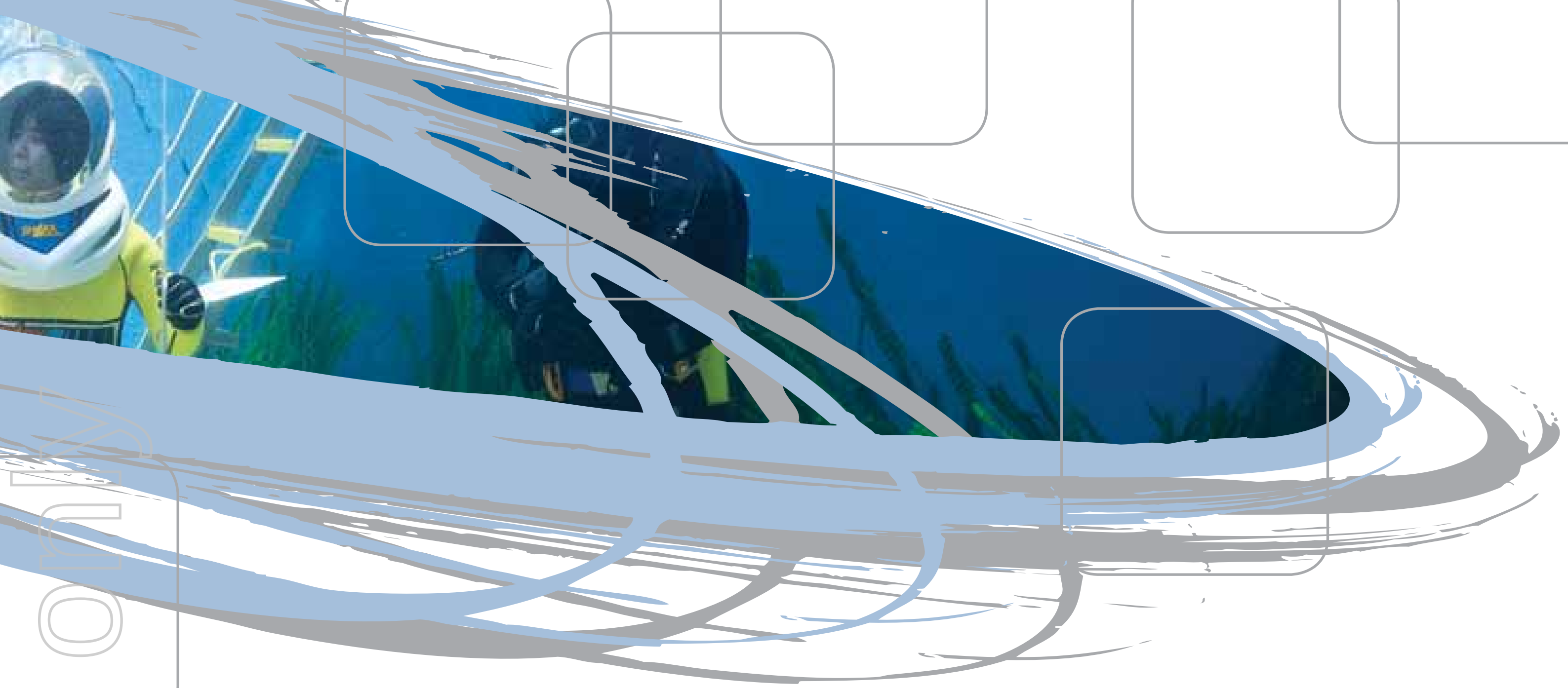
Oceanis

- Asia-Pacific's largest owner and operator of quality aquaria attractions
- Operator of the world's largest above ground aquarium in Dubai
- Located in premier central city and tourist locations in the Asia-Pacific
- Collectively, more than five million visitors each year
- World-leader in innovative animal acquisitions and displays
- The business has strong links with Government conservation organisations and contributes to regional aquatic conservation education world-wide.



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LLA's Oceanis business is Asia-Pacific's largest owner and operator of quality aquaria attractions. It is also the largest business in the LLA portfolio by EBITDA/Revenue, accounting for 56.8% of revenue and 71.1% of EBITDA.

The business operates highly successful attractions in premier locations across Australia and Asia and continues to be a leader in the area of aquatic leisure experiences.

In FY11, Oceanis achieved an operating EBITDA of $22.6 million, representing a 56.3% increase on the previous period. The result was driven by increased visitation which grew by an average of 17.8%, reflecting a stabilisation of the political and economic events which impacted FY10 results. Strong repeat visitation across each aquarium highlights the ability of each management team to provide an in-demand leisure offering to the local visitor and tourist market.

This result reinforces the strategy of the LLA Board to refocus primary operations back to the core leisure offering and provides the strong foundations needed to ensure continued business growth across the portfolio.

The appointment of Group General Manager of Oceanis, Geoff Olson, in July 2010 provided stability and direction for the business. Geoff originally commenced working for Oceanis in 1994 as Marketing Manager before becoming General Manager at UnderWater World. Following that, Geoff spent significant time in Busan Aquarium and Siam Ocean World before returning to Melbourne as Oceanis Group General Manager. Geoff's strong marketing background and his understanding that each attraction operates in a unique destination with individual benefits, is set to benefit the growth of Oceanis in the coming years.

Key appointments and management staff returning to critical Oceanis aquariums throughout the year added to the overall cohesion of the leadership team.

Melbourne Aquarium again delivered a strong performance throughout FY11. Shanghai Chang Feng Ocean World was able to capitalise on increased opportunities in the market provided by Expo 2010.

Busan Aquarium thrived following a refocus by management on the core leisure offering, while UnderWater World on Queensland's Sunshine Coast also experienced an increase in visitor numbers on the back of unique displays and attractions such as the giant frozen hammerhead shark during summer and Easter holiday periods. This increase in visitor numbers was achieved despite the well-publicised Queensland floods and its impact on the international and domestic tourism markets.

The Thai political environment was relatively stable during FY11 and the performance of Siam Ocean World reflected the rebuilding of consumer confidence in the country. Following recent elections, we continue to monitor the situation closely and look to capitalise further on the rebuilding of local and international markets.

Operational and marketing initiatives were aligned with the broader Group strategy and focused on improving the core product offering to appeal to a broader visitor base, rather than piggybacking on popular trends. Priorities focused on introducing new and unique animals relevant to the local demographic of each aquarium, including:

- Hammerhead sharks and schooling fish displays in each aquarium
- Sunfish at Busan Aquarium
- Giant clams at Siam Ocean World
- Two new Beluga White Whales at Shanghai Chang Feng Ocean World
- A giant frozen hammerhead shark at UnderWater World and Melbourne Aquarium which was used to support the need for conservation programs
- New seals at UnderWater World
- A giant pacific octopus at Melbourne Aquarium.

Based on the success of this strategy, the same direction will underpin the Group's FY12 approach.

Oceanis (continued)

Aquariums

Melbourne Aquarium

Melbourne Aquarium is located in the heart of the CBD in one of Australia's most cosmopolitan cities. The attraction is one of the premier businesses of the Oceanis Group and it continued to return solid results during FY11.

Strategic management and operational changes underpinned the Aquarium's approach to FY11. In line with the broader Group strategy, Melbourne Aquarium focused on maximising the value of its core offering, drawing on the successful work undertaken in prior years around the expansion and introduction of unique animals to the business. Visitation was targeted during key holiday periods through the provision of unique aquatic offerings such as baby hammerheads as well as a range of new interactive experiences including Shark Walker, Back of House Tours, fish feeding and Penguin Passport.

In November 2010, the Aquarium's first baby Gentoo Penguin chicks were hatched. The chicks were the first in Australia to be bred in captivity, with their arrival following on from the Aquarium's successful September / October holiday Disney *Club Penguin* program for younger school-aged children.

The Melbourne attraction continued to maximise opportunities from its penguin attraction during Easter 2011 with a *Happy Feet* program. Competition and unusual Easter school holiday scheduling in 2011 impacted visitations across this key holiday period as families took the opportunity to holiday outside of the capital city. However, the Aquarium did experience an uplift in visitation towards the end of the holiday period.

A giant pacific octopus was added to the attraction's unique displays and proved to be very popular with visitors.

In May 2011, the giant frozen hammerhead shark, which was previously displayed at UnderWater World on the Sunshine Coast, was exhibited at the Aquarium leading to increased visitations during this time. This display is expected to remain at Melbourne Aquarium until September 2011.

The Aquarium's multi-use capability provides for an undersea experience for school and family groups, Melbourne day-trippers, and is also a key attraction for international visitors to the city. The Aquarium's functions business has been successful in attracting both corporate and private groups who are drawn to the unique underwater setting and its features, such as the underwater tunnel. As a result, this add-on to the core leisure product has provided a reliable additional revenue stream in support of the general aquarium experience.

In December 2010, Mark Manteit commenced as Melbourne Aquarium's General Manager, bringing a wealth of experience in leisure tourism sales and marketing to the role.

The Dubai Aquarium and Underwater Zoo curator, Paul Hamilton, relocated to Melbourne Aquarium in October 2010. Paul has made a seamless transition to the new role, bringing with him a number of fresh new ideas providing the impetus and drive to acquire new and unique animals.

There are a number of new and exciting initiatives planned to maximise visitation across upcoming key holiday periods, placing Melbourne Aquarium in a strong position moving into FY12.

The breeding program is expecting more Gentoo Penguin chick hatchings in time for Christmas 2011. In support of these new arrivals, marketing initiatives are being planned around the launch of Disney's *Happy Feet 2* also at the end of the year, providing a number of opportunities for new and return visitors across the Christmas and New Year holidays.

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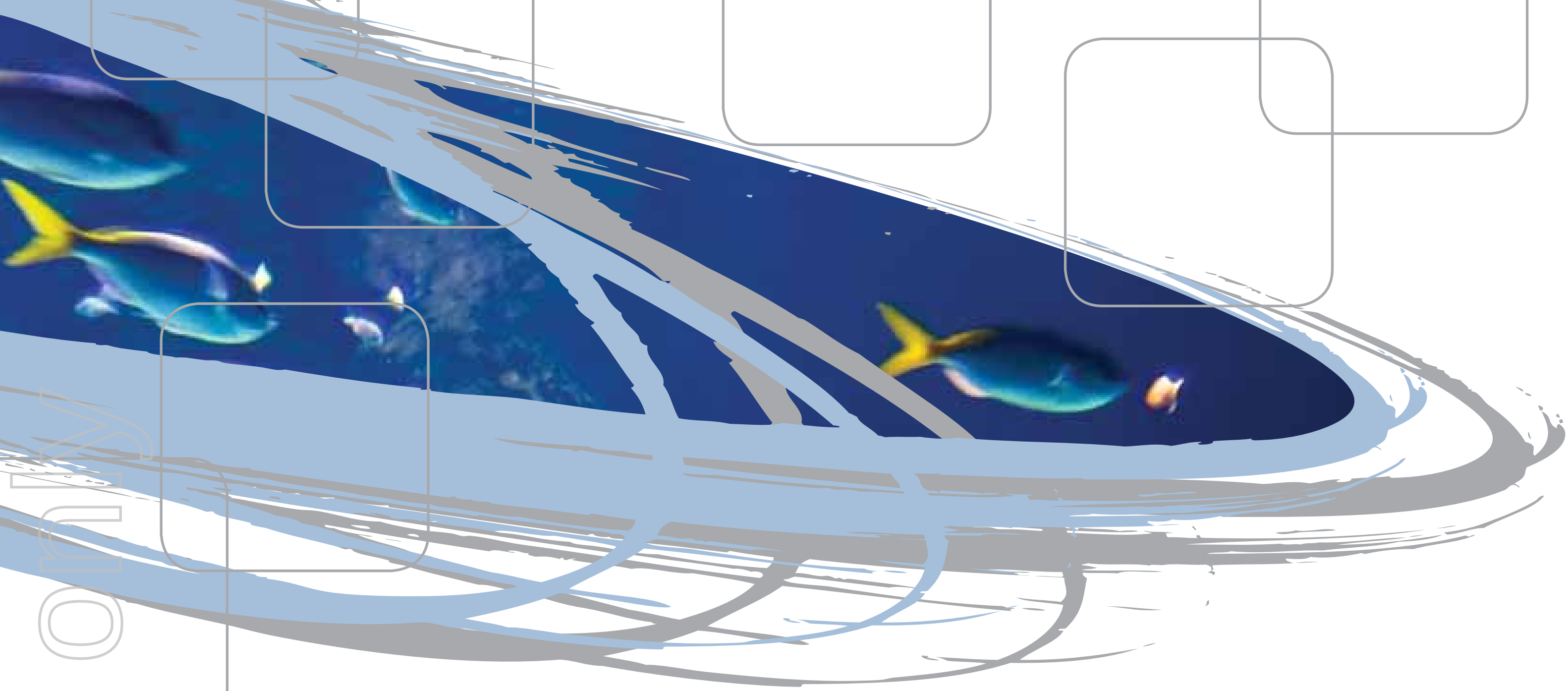

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Shanghai Chang Feng Ocean World

In FY11, Shanghai Chang Feng Ocean World returned to its previous operating levels after a disappointing FY10. The business was one of the best performers across the Oceanis Group.

A sophisticated approach to marketing during FY11 led to increased visitation and, in particular, a very strong first quarter. Marketing innovations included a Hammerhead Sharks Exhibition and joint promotions with famous retail brands such as Toys R Us, Quicksilver, Roxy, BreadTalk and Walsons.

In FY11, the Aquarium also welcomed the long-awaited arrival of two Beluga Whales, imported from Russia. The two new whales join the Aquarium's existing Beluga Whale and will become a primary focus for the attraction from July 2011. The aim is for the Beluga Whales to become the Aquarium's anchor attraction in FY12.

While initially challenging, World Expo 2010 in Shanghai from May to October 2010, played a key role in driving visitation to the Aquarium during the first half of the financial year, resulting in a strong summer season. Expo 2010 also provided opportunities to increase visitor numbers to the Aquarium in the latter stages of the event as Expo 2010 visitors sought alternative experiences within the Expo locale.

Historically an industrial area of Shanghai, Chang Feng Park – home to Shanghai Chang Feng Ocean World – was reassigned as an ecological zone during the year. This initiative will help to support future growth and improvement initiatives planned at the attraction.

Busan Aquarium

Busan Aquarium is located on South Korea's most popular tourist beach, Haeundae Beach. This attraction was also one of Oceanis' best performers throughout FY11.

FY11 was a particularly positive year for the Aquarium, with its performance attributed to the efforts of the management team in realigning key aspects of the business and refocusing the core product offering and supporting marketing initiatives.

The curatorial and product development teams were successful in pushing and exploring the boundaries of introducing new and exciting animals to the Aquarium. The introduction of the unique ocean sunfish and baby hammerhead sharks resonated with the local community and helped to drive repeat visitation during campaign periods. This focus also helped to further strengthen brand awareness within the Korean market, increasing the attraction's profile among existing and new visitors.

UnderWater World

UnderWater World is located on the popular Sunshine Coast tourist destination in Queensland, less than two hours by car from Brisbane. Airport connections to the Sunshine Coast bring direct flights from both Sydney and Melbourne to the region.

Despite operating within a very difficult environment due to external weather and economic impacts, UnderWater World's performance remained strong throughout the year. The Aquarium continued to grow within a competitive pricing landscape, the result of direct competition from other tourism and leisure attractions in the South East Queensland region.

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Oceanis (continued)

UnderWater World commenced the year operating under a heavy discount model to compete with the 'cost slashing' and market share growth activity of the major Gold Coast attractions. However, this approach quickly proved unsuitable and UnderWater World reverted to employing the more sustainable approach of introducing new and unique products to attract new and repeat visitors. This approach was also in line with the broader Group operating strategy.

The aquarium acquired a giant hammerhead shark as its showcase attraction for the key summer and Easter holiday periods. The attraction's strategic focus on its core business will continue into FY12 with a number of exciting initiatives planned at the attraction to maximise the existing leisure offering.

A new General Manager was recruited to lead UnderWater World into the coming term. Tim Stonhill commenced in the position on 1 August 2011, bringing with him a strong background in hospitality and tourism product management. Tim's expertise supports the aquarium's current focus on offering visitors unique products supported by marketing initiatives.

Siam Ocean World

FY11 was a period of recovery for Siam Ocean World. In FY10, political unrest and prolonged periods of protestor demonstration outside the complex housing the aquarium led to the attraction being closed for significant periods during key holiday times. Despite these setbacks, the performance of Siam Ocean World during FY11 has been positive.

The aquarium reopened in late May 2010, with trading into the first quarter of FY11 indicating a strong rebound in performance. However, changes to tourist and visitor patterns after the period of instability led to marketing strategies being refocused to address the changing visitation of international visitor groups.

Current pricing strategies remain flexible to adapt to continually changing market conditions. The focus remains on returning business performance back to the levels experienced prior to the civil unrest in early 2010. If this admissions cycle and growth profile can be replicated, the high-yielding attractions will remain on track to outperform in coming years.

Siam Ocean World's aim is to deliver individually-tailored marketing approaches to the Thai and international tourist sectors. Marketing expenditure targeting tourist arrivals remained retail-oriented with the current focus on growing the brand for the Thai people and increasing the local market's appreciation of the iconic attraction.

Marketing and growth initiatives are no longer targeted specifically to key holiday times and instead, are evenly distributed throughout the year to ensure any future timed political action around key holiday periods does not disrupt significant events planned at the aquarium.

Siam Ocean World has also seen recent growth in the emerging area of international group tours. Management will continue to review all opportunities in this area throughout the coming term.

Dubai Aquarium and Underwater Zoo

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

Key management changes in FY11 drove a renewed focus for the team. In August 2010 a new General Manager, Gordon White, was appointed. Gordon was previously the Melbourne Aquarium Venue and Operations Manager and brings to the facility a disciplined management approach and communication capacity that is valued by the owners.

There were no significant operational challenges during the financial year and Oceanis continues to receive very positive feedback from owner EMAAR in regard to the venue's management and achievement of trading results.

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Oceanis and Corporate Social Responsibility

All Oceanis aquariums operate under strict guidelines and are recognised for their high standards of animal care. Workplace and animal safety standards ensure the safety and well-being of all animals and their carers in the aquarium environment.

Oceanis' Corporate Social Responsibility ("CSR") program encourages environmentally sustainable practices through active participation in environmental conservation and marine biodiversity programs.

Governed by the World Association of Zoos and Aquaria ("WAZA") international standard and conservation strategy, Oceanis' own conservation strategy ensures the ethically sound and stable operation of its aquariums. Its strategy is underpinned by a code of ethics which further promotes the ethical behaviour of the business and provides the framework for the ongoing care of animals at its aquariums.

Under the CSR program, each Oceanis aquarium works towards its own conservation goals while supporting employee participation in environmental initiatives, both in and outside work hours. Visitors to Oceanis aquariums are encouraged to learn about and support conservation initiatives at each aquarium while those with memberships are offered additional opportunities to be involved in members-only conservation programs and activities.

One of Oceanis' overarching CSR initiatives involves furthering the development of an artificially-assisted breeding program for rare and endangered shark and ray species to help re-supply declining stocks that are at risk from over-fishing.

Other CSR initiatives include:

- Melbourne Aquarium's extensive marine animal breeding programs, the rehabilitation and release of sea turtles and the Aquarium's Memorandum of Understanding with the Australian Antarctic Division in regard to education and research support.
- UnderWater World's turtle rescue, marine rehabilitation initiatives and mangrove replanting to support the healthy development of the local marine ecosystem.
- Busan Aquarium's ongoing work with the Busan Marine Resources Research Institute to facilitate the release of baby sea bream.
- Shanghai Chang Feng Ocean World's ongoing support of local fishing bureaus through the promotion of wild animal protection and the aquarium's animal care audit.
- Siam Ocean World's Blue Spirit Campaign, which encourages visitors to reduce, reuse and recycle to minimise their environmental footprint, sea turtle breeding and release programs, and mangrove replanting and visitor education programs.
- Dubai Aquarium and Underwater Zoo's school education and volunteer conservation programs assisting with local beach clean-ups and public awareness campaigns. The recently established conservation-focused school programs are the first of their kind in the Middle East.

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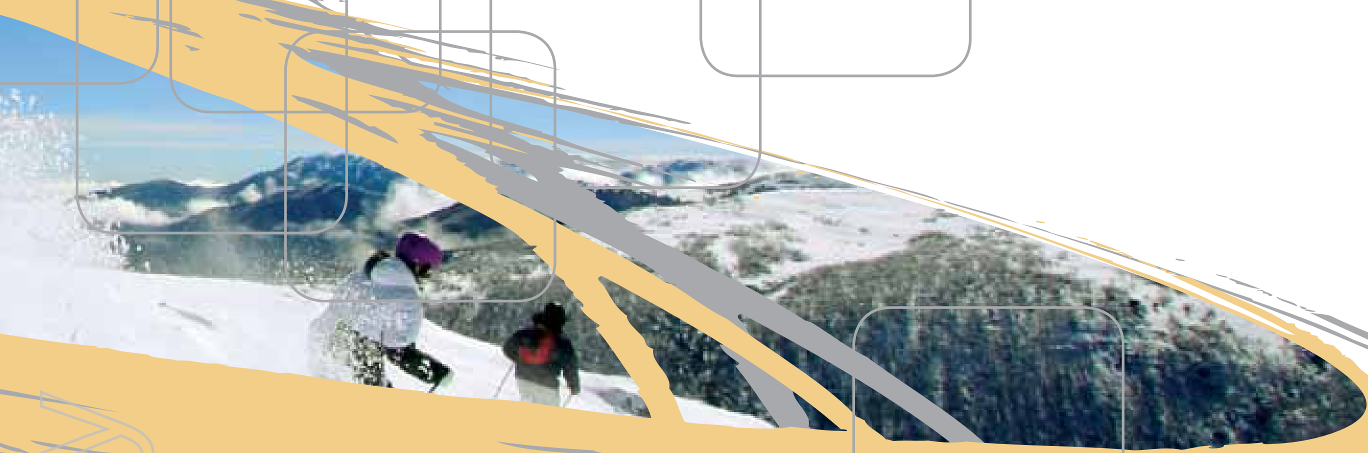
Australian Alpine Enterprises

- Owner of Falls Creek and Hotham skifields in the Victorian Alps
- Collectively Victoria's largest resorts by number of skier days
- $2.5 million investment in snowmaking infrastructure improves early season conditions, reducing revenue volatility.



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Australian Alpine Enterprises ("AAE") is the owner and operator of two premier skifields at Hotham and Falls Creek resorts.

Located in the idyllic Victorian Alps and accessible from both Sydney and Melbourne, the ski resorts account for approximately 26% of the Australian skier market, by number of skier days.

In FY11, AAE contributed operating EBITDA of $13.5 million to the Group, an increase on the previous year of 14.8%.

In summer 2009/2010, the business invested $2.5 million to significantly upgrade the snowmaking infrastructure at both resorts. As part of this investment, additional snowguns were installed on the key runs of Heavenly Valley at Hotham and Wombats Ramble at Falls Creek.

Cold temperatures at the beginning of the 2010 snow season provided ideal snowmaking conditions. This helped to offset the low natural snowfall at the beginning of the season, allowing key terrain to be opened with man-made snow and to remain open for the entire season. The ability to supplement natural snowfalls at both resorts reduced the risk to yield and visitation, and in July 2010, helped to maintain yields especially during the crucial winter school holiday period.

The investment in snowmaking infrastructure also allowed Falls Creek's Wombats Ramble, the longest beginner run in Australia with a total length of 2.2km, to open two evenings per week for night skiing and snowboarding.

The 2010 snow season finished strongly with the largest August snowfalls since 1992 contributing to growth in visitation and skier days at both resorts. In particular, September 2010 was an excellent month with good snow depths across the resorts.

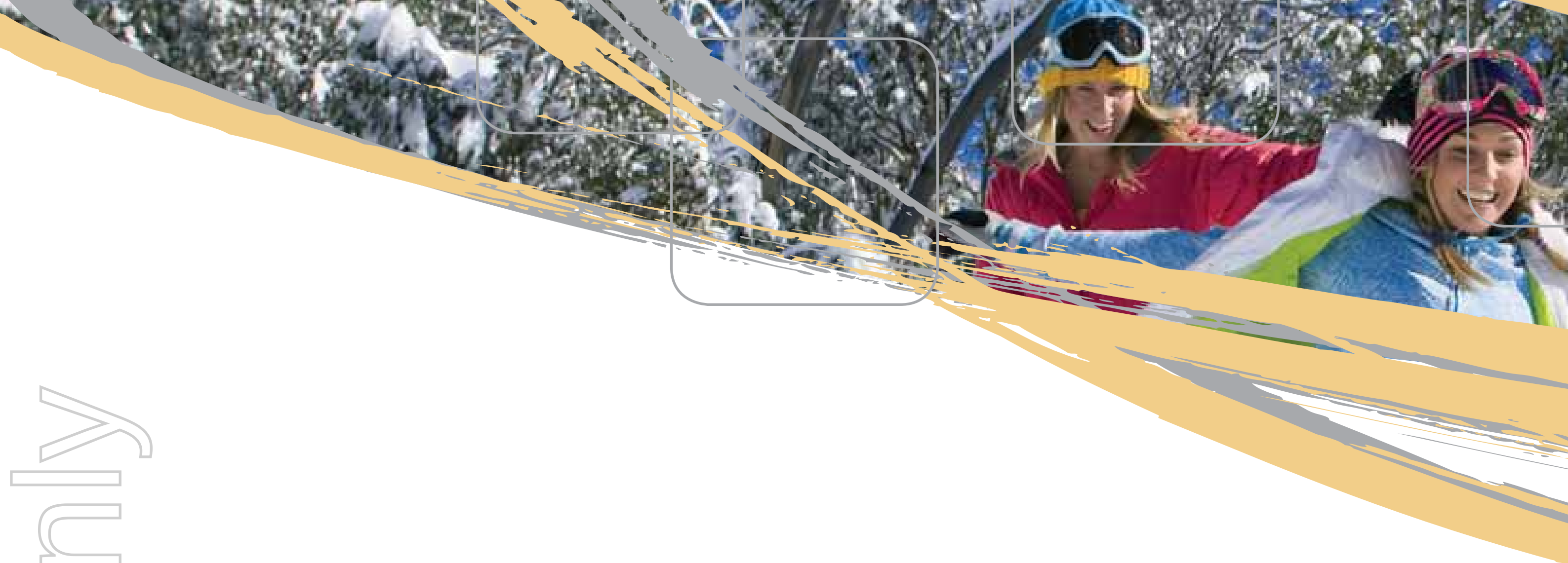
The 2011 snow season commenced just prior to the completion of the financial year in June 2011. The season opened strongly at both resorts with good early snowfalls boosting early season visitation levels. Good conditions are expected to continue throughout the season.

Both resorts are easily accessible from all major centres in New South Wales, Victoria and South Australia and AAE is committed to ensuring Hotham and Falls Creek skifields retain their strong appeal and share of the Australian market.

QantasLink operates a number of services each week between Sydney and Hotham Airport in the peak winter season. Resort transfers meet all air services and take guests directly to their accommodation. QantasLink has increased seat numbers by 300 for the 2011 snow season to service the increased number of guests flying directly to the snow. QantasLink, along with Virgin Blue and Rex, also fly to Albury Airport, the gateway city for both Hotham and Falls Creek resorts, thus providing further air services for skiers.

Management remain aware that the impact of continued economic uncertainty and the strength of the Australian dollar against overseas currencies have the potential to impact the demand for Australian ski holidays. Accordingly, the resorts are working to implement targeted strategies designed to stimulate visitations for the remainder of winter 2011.

While property development is not considered core to the operations of AAE and LLA, AAE is continuing to progress sales in the Freehold 1775 land development at Hotham. Seven lots had been sold by the end of FY11 with 13 lots remaining. Current subdued property market conditions continue to impact the progression of sales.



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Australian Alpine Enterprises (continued)

Cold temperatures at the beginning of the 2010 snow season provided ideal snowmaking conditions.

New initiatives

AAE's focus has been on maximising the guest experience at both resorts.

Smart phone applications were launched at Hotham and Falls Creek for the commencement of the 2011 snow season. The applications are designed to provide guests with up-to-date snow reports, access to 'snowcams' and maps which allow skiers to track their distance against their own statistics and the leader board.

A new, innovative booking system was also introduced at both resorts in time for the beginning of the 2011 snow season. The new technology allows guest bookings to be processed more efficiently, adding to the guest experience.

Hotham Sports has opened their newest store off the hill at Harrietville for the 2011 season to capture additional traffic and to provide a first-class guest experience prior to ascending the mountain. The Harrietville store is located approximately 28km from Hotham. As with their four existing Hotham Sports stores, guests can hire equipment and buy lift tickets and lessons. The new store also offers chain hire and the ability to pre-purchase resort entry passes.

Falls Creek

Night skiing along Wombats Ramble at Falls Creek remains popular with skiers and snowboarders. Additional lighting was installed along the trail and the Falls Express Chairlift for the 2011 season.

Visitors to Falls Creek also continue to enjoy other 'add-on' paid activities such as snow bungy and snow tubing. Free entertainment such as *Pete the Snow Dragon Shows* for kids helped to add to the ski holiday experience. A new format for the Night Show Spectacular and Fireworks has also been popular with guests throughout the 2011 season.

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Hotham

Snow grooming tours and sparkling sunset tours, kids snowmobiling, teen sessions, free *Harry the Snowdragon* live shows and fireworks provide alternative activities for guests at Hotham, looking for activities beyond skiing and snowboarding.

During the snow season, the resort also hosted a number of specialist events including the RAAF Ski and Board Championships, the Australian Defence Championships and the Police Championships. These events helped to increase mid-week visitation to the resort and also introduced first-time participants and their families to the Hotham snow holiday experience. Professional events such as the FIS Skier and Boarder Cross events, attracted a pleasing number of participants, providing significant media exposure for the resort on Channel Nine in September 2010.

Sustainability initiatives

AAE's business operates within a natural environment. The business understands the importance of managing sustainability initiatives across its skifields to preserve the natural environment for generations to come.

Sustainability initiatives helping us to manage our environmental footprint include:

Falls Creek

- Various snow management techniques are used to efficiently capture and store natural snowfalls.
- More than 95% of water used for snowmaking is also used to generate electricity at the resort.
- Exotic weed management programs stem the growth of Hawkweed and a new program to remove Willows from the high country is also in place.
- Annually, more than 10,000 seedlings – most grown onsite – are planted throughout the resort area.
- Alpine Bog rehabilitation and protection is ongoing within the resort and across the high plains.
- A biodiversity strategy for the resort is being developed to assist work practice guidelines.
- Recycling bins are in place throughout the village.

Hotham

- The first ski resort in the world to make snow from recycled water and to use green power to operate snowmaking equipment.
- Best practice snow grooming and snow farming techniques are used to ensure sustainable, season-long snow cover.
- A solar power plant and a small wind generator generate electricity to power Hotham Airport.
- Operates a fully commissioned water treatment and sewerage plant.
- Captures debris and silt from resort activities and also organic waste in the resort's commercial kitchen to prevent refuse from entering the local water catchment.
- Committed to growing thousands of native plants in its onsite nursery to revegetate local alpine areas over the long-term.
- A split-bin recycling system is used in publicly accessible areas throughout the resort and recycling education programs are run for resort property owners.
- All Hotham resort developments are built to a 5-star energy efficiency rating.

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Australian Treetop Adventures

- The Otway Fly Treetop Adventures and the Illawarra Fly Treetop Adventures
- New Zip Line Adventure Tour at the Otway Fly Treetop Walk in Victoria
- Located to allow for day-trips from major locations in New South Wales, Canberra and Victoria

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LLA's Australian Treetop Adventures comprises the Otway Fly Treetop Adventures in Victoria and the Illawarra Fly Treetop Adventures in New South Wales.

These iconic nature-based attractions provide visitors with the opportunity to immerse themselves in naturally-spectacular tourist destinations with minimal impact to the surrounding environment.

Located in Victoria's Otway Ranges, the Otway Fly is the longest and tallest steel-structured canopy walk in the world. At more than 600 metres long and 35 metres high, the spectacular attraction is only two-and-a-half hours' drive from Melbourne via the Princes Highway or a three-and-a-half hours' scenic drive along the Great Ocean Road.

The Illawarra Fly is situated on Knights Hill in New South Wales. It is 500 metres long and features a 45 metre tall spiral lookout tower. Under two hours' drive from Sydney and Canberra, the Illawarra Fly overlooks the stunning coastal strip from Kiama to Illawarra on the New South Wales mid-south coast.

Throughout FY11, the Treetop Adventures' operating strategy focused directly on growing and maximising value from the existing attractions with both the Otway Fly and Illawarra Fly undergoing improvements and additions to drive new and repeat business. Management also continued to work tirelessly to implement strategies in line with the Board's refocus on each of the business' core operations, to address declining visitation.

The unique $1.4 million Zip Line Adventure Tour opened at the Otway Fly in October 2010 while, at the same time, the Treetop Walks business was relaunched in its entirety as Australian Treetop Adventures, signalling a new approach and cohesiveness for each of the attractions.

Despite the achievement of these two significant milestones, FY11 remained another challenging year with $1.6 million in operating EBITDA returned to the Group.

Unprecedented weather conditions severely impacted the performance of both attractions with visitation decreasing by 11.5% at the Otway Fly and 17.9% at the Illawarra Fly when compared to the previous period.

An extraordinary 2,173 millimetres of rain was recorded at the Illawarra Fly between July 2010 and June 2011, significantly exceeding the area's average annual rainfall of 882 millimetres. Rainfall at the Otway Fly also exceeded the 30-year average of 1,910 millimetres with a total of 2,463 millimetres recorded at the attraction across the year. The Otway Fly was fog or rain affected for 215 days of the year. The weather conditions impacted access to the attraction by way of road slips and closures along Victoria's Great Ocean Road, and remedial works are still underway to fully repair the damage caused by the unprecedented weather.

A number of key initiatives were implemented during the year to ensure the leisure offering continues to focus directly around the core treetop walk product.

Retail yields remain strong at both attractions and management is continuing to investigate ways to grow these yields using methods such as 'bundling' to package ticket and retail offerings to increase visitor spend. These include bundling the treetop walk experience with the Zip Line Adventure Tour, initiatives with small tourism operators, and participation in Australian Tourism Exchange offering leisure experiences in conjunction with other tourism operators including Eureka Skydeck and other LLA businesses such as Melbourne Aquarium and Hotham and Falls Creek skifields.

Pricing at each attraction remains competitive with similar adventure-based attractions and activities. Entry to the Zip Line Adventure Tour is in addition to entry to the Otway Fly. Management is reviewing ways to increase group bookings for the Zip Line Adventure Tour.

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Australian Treetop Adventures (continued)

While the Zip Line Adventure Tour is expected to positively impact new and return visitor numbers, trends will not be able to be clearly identified until the product has been active for a number of seasons.

In conjunction with the Zip Line's construction, the Otway Fly's visitor centre was expanded to reposition the retail offering to be easily accessible to visitors purchasing tickets and leaving the park. Preliminary work has been completed around the potential introduction of a Zip Line Adventure Tour or other adventure attraction to the Illawarra Fly, however there are no current plans to introduce a new attraction in the near term.

Sunrise walks were popular with visitors to the Illawarra Fly throughout FY11, while Easter egg hunts and dinosaur walks helped to attract family groups to the Otway Fly during key holiday periods. An ambassador program, encouraging local residents to return to the attraction with friends and family who visit the region, will continue to be promoted at both attractions in the coming year.

Weekend bookings remain popular at both attractions and in the coming year, management will continue to work closely with local tourism bodies to investigate packaging options with other attractions and accommodation providers in the local regions.

To ensure operational outcomes are maximised at both attractions, a new manager was appointed at the Illawarra Fly in December 2010 and changes are currently being implemented within management at the Otway Fly. A group marketing coordinator was appointed for both the Otway Fly and Illawarra Fly in July 2010 to ensure marketing strategies build and grow awareness of the attractions among key visitor groups.

Management will also continue to pursue non-traditional marketing methods to tap into visitor groups and increase visitation to each of the attractions.

As part of the brand relaunch, new Otway Fly and Illawarra Fly websites were launched, offering a secure and comprehensive online booking facility. New branding and signage has also been implemented at each site.

In the coming year, management and the Living and Leisure Australia Group Board will continue to work together to address declining visitor numbers and the changing demands of visitor groups. In the near term, initiatives that satisfy the increasing demand by visitors for value for money experiences will be investigated.

The Otway Fly Zip Line Adventure Tour

The Otway Fly Zip Line Adventure Tour offers visitors the chance to participate in a two-hour, adrenalin-pumping zip lining activity high in the forest canopies.

The only adventure activity of its kind in Victoria, the Zip Line's original infrastructure was specifically designed to maximise the views and adventure provided through the terrain at the Otway Fly.

As part of the activity, visitors of any age can 'zip' through the forest canopies to each one of eight 'cloud stations', situated up to 30 metres from the ground. Elements of the Zip Line include six exhilarating flights and two suspension bridges at height.

In line with the environmental mandate for the construction of all of LLA's Treetop Adventures attractions, the activity's environmental footprint has been kept to a minimum, ensuring the ecology of the forest floor underwent minimal disruption.

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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 2011

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Corporate information

30 June 2011

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Directors of the Responsible Entity and the Company	Julanne Mary Shearer Independent Non-executive Chair Bruce Sinclair McComish Independent Non-executive Deputy Chair Steve Graham Howes Independent Non-executive Director Michael Roy Johnston Non-executive Director Guy Jalland 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 listings	Living and Leisure Australia Group stapled securities are listed on the Australian Securities Exchange (ASX code: LLA)
Website address	www.livingandleisure.com.au

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Directors' report

The directors of Living and Leisure Australia Management Limited, the Responsible Entity for the Living and Leisure Australia Trust ("Trust") (ARSN 092 701 589) and Living and Leisure Australia Limited ("Company") (ABN 107 863 445) present their report for the financial year ended 30 June 2011 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 ("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.

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 and until the date of this report 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	
Steve Graham Howes	
Glenn Kevin Wein	(Resigned 22 August 2011)
Brett David Chenoweth	(Resigned 27 October 2010)
Michael Roy Johnston	(Appointed 23 August 2011)
Guy Jalland	(Appointed 23 August 2011)

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 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 treetop adventure 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 Hotham and Falls Creek Alpine Resorts (Victoria), and Dinner Plain Village, Alpine Resorts (Victoria).

Dividends and distributions – Living and Leisure Australia Group

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

	2011	2010
	$'000	$'000
Final distribution for the year ended 30 June 2011 per stapled security:	**Nil**	Nil

No distributions or dividend payments have been made in 2011 and 2010.

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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 is a principal 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 has a beneficial interest in Taj248 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 director of ASX listed companies Signature Capital Investments and Focus Minerals Limited

Special responsibilities

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

Interests in stapled securities

Bruce holds 224,625 stapled securities in the Group.

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

Experience and expertise
Steve has more than 23 years' experience in corporate and project finance in Australia and South East Asia, including as an adviser, financier and institutional fund manager. Steve is currently an Executive Director of Archerfield Capital Partners Pty Limited, an independent advisory firm specialising in the Australasian property industry. Steve's prior roles include Director and Head of Property Banking at N M Rothschild & Sons (Australia) Limited, where he specialised in the provision of advisory services and the arrangement of equity and debt for a range of wholesale and institutional clients. In 2006, Rothschild sold its Australian banking operations and Steve left the business to focus on funds management. 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.

Michael Roy Johnston
Non-executive Director
Director since 23 August 2011

Experience and expertise
Michael is the Finance Director of Consolidated Press Holdings ("CPH"), having previously been an advisor to the CPH Group for 19 years. As Finance Director, Michael oversees a large number of operational businesses within the CPH Group and its controlled associates. Michael was also the Chief Financial Officer of Ellerston Capital (a subsidiary of CPH) until 30 June 2008. Prior to his appointment with the CPH Group, Michael was a senior partner in the Australian member firm of Ernst & Young, and was on the Board of Partners of Ernst & Young, Australia. Michael is a director of Arctic Capital Limited (the manager of the Arctic Asia Opportunities Fund L.P.). The Arctic Asia Opportunities Fund is a substantial shareholder of Living and Leisure Australia Group. Michael has been a responsible manager of Living and Leisure Australia Management Limited, the responsible entity of Living and Leisure Australia Trust since 25 November 2009. Michael holds a Bachelor of Economics from Sydney University and is an Associate of the Institute of Chartered Accountants in Australia.

Directorships of other listed companies held during the past three years:

- Challenger Financial Services Group Limited from 24 February 2006 to 8 September 2009 (alternate director to Mr James Packer and Mr Ashok Jacob)
- Consolidated Media Holdings Limited (previously Publishing and Broadcast limited ("PBL")) from 16 December 2005 to 8 April 2009 (from that time, alternate director)
- Crown Limited from 6 July 2007
- Ellerston Capital Limited from 6 August 2004

Special responsibilities
Member of the Audit and Risk Committee

Interests in Stapled Securities
None.

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Information on directors (continued)

Guy Jalland
Non-executive Director
Director since 23 August 2011

Experience and expertise
Guy is a qualified lawyer, an executive of CPH and is Company Secretary of CPH and most of its controlled entities. Guy was previously the Group General Counsel and Joint Company Secretary of PBL from 2004 to 2007 (appointed Company Secretary in 2005). In 1998, prior to joining PBL, Guy commenced as an executive of CPH. Guy is also a director of a number of companies, including FOXTEL management Pty Limited, Premier Media Group Limited (FOX SPORTS) and the Melbourne Football Club Limited.

Directorships of other listed companies held during the past three years:

- Consolidated Media Holdings Limited from 8 April 2009
- SEEK Limited from 21 April 2009 to 26 August 2009 (alternate director to Mr James Packer and Mr John Alexander)

Special responsibilities
Member of the Nomination Committee
Member of the Remuneration Committee

Interests in Stapled Securities
None

Glenn Kevin Wein
Non-executive Director
Director since 25 November 2009;
resigned 22 August 2011

Experience and expertise
Glenn is the Head of Private Equity at 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

Brett David Chenoweth
Independent Non-executive Director
Director since 2 December 2008;
resigned 27 October 2010

Experience and expertise
Brett brought to the Board more than 19 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 Chief Executive and a director of APN News and Media Limited.

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

Special responsibilities
Member of the Audit and Risk Committee until 27 October 2010.

Interests in stapled securities
None

Donovan Lee Newton
Company Secretary

Donovan was appointed company secretary of the Company and the Responsible Entity in November 2008. Prior to his appointment Donovan was Company Secretary of several subsidiaries of a public listed financial institution. Donovan is also the Chief Financial Officer of LLA and has a Bachelor of Arts (Accountancy) from the University of South Australia and is a member of the Australian Society of Certified Public Accountants.

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Meetings of directors

The number of meetings of the board of directors and of each board committee held during the year ended 30 June 2011, 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	5	5	7	7	-	-	-	-	1	2	1	1
Bruce Sinclair McComish	5	5	6	7	1	1	-	-	1	2	1	1
Glenn Kevin Wein	5	5	7	7	3	3	-	-	2	2	1	1
Steve Graham Howes	5	5	7	7	3	3	-	-	1	1	-	-
Brett David Chenoweth	3	3	4	5	2	2	-	-	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)**	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Skifields	**48,482**	47,954	**13,491**	11,750
Aquariums	**71,543**	64,629	**22,557**	14,430
Australian Treetop Adventures	**4,562**	4,651	**1,590**	2,070
Property	**1,256**	73	**44**	(614)
Other	**200**	203	**(5,951)**	(4,600)
Total continuing operations	**126,043**	117,510	**31,731**	23,036

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

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

(a) Skifields

The 2010 ski season commenced with low natural snowfalls in July and early August; however, excellent snowfalls in August and September provided a strong finish to the season. Both resorts were open for the full season, and closed as planned on 3 October 2010. Skier days for the season were 519,000 days, representing a slight increase of 1.4% on the prior year. The skier days for the total Australian industry showed a small increase of 0.6% on the prior year.

The Skifields have performed well during the 2010 ski season with both revenues and EBITDA exceeding prior year levels. These increases leverage from the continuing improvements in snowmaking infrastructure during the year, which provides resilience when natural snowfalls are low, as they were at the start of the season. A focus on cost control has resulted in a reduction in expenses for the segment in the 2011 financial year, helping to deliver the strong improvement in EBITDA.

(b) Aquariums

With revenue and EBITDA significantly exceeding those of the prior financial year, LLA's aquarium business, Oceanis, has completed a successful year. Revenues increased by 11%, and EBITDA results increased by 56% to $22.557 million. There was no repeat in 2011 of the external factors which occurred in the prior year such as the negative impacts of the civil unrest in Bangkok, and the 2010 Expo in Shanghai, which had significant impact on the operations of Oceanis. This stability has contributed positively to the Group's results in 2011.

The Oceanis business has placed a considerable focus on the generation of new and varied exhibits throughout the Group. This has contributed to the 17.7% increase in visitation levels across the Group over the prior financial year.

In addition the continued tight management of operating costs has also been important in maintaining higher levels of EBITDA. This is indicated by the fact that segment expenses actually declined in comparison with the prior financial year.

(c) Australian Treetop Adventures

The Australian Treetop Adventures business posted a small decrease in revenue generation in 2011, and also suffered a decline in EBITDA over the year. The inclement weather and significant rainfall recorded across southern Australia throughout the year has provided a very challenging operating environment for the operation of an outdoor activity. This has been reflected in a 13% reduction in admissions in 2011.

On 20 October 2010, the Group opened the newly constructed Zip Line Adventure Tour at the Otway Fly Treetop Adventures. This new Zip Line Tour constitutes an investment of $1.400 million in the Australian Treetop Adventures business segment, and complements the facilities already in place at the Otway Fly.

Revenue for the Australian Treetop Adventures business has remained flat, suffering a 2% decline over the prior year. Segment EBITDA declined by $0.480 million during the financial year. Management continues to review the operations to appropriately target marketing to potential areas of growth, and has undertaken strategies to improve the results for these attractions.

(d) Property

The Property segment recorded four property sales during 2011, driving the increase in revenues for the year. This includes subdivided land held as part of the Freehold 1775 development at Mt Hotham held as inventory. This freehold land incurs only holding costs on an ongoing basis and is not subject to further development costs. AAE continues to pursue the sale of this non-core property.

(e) Other

Comprises corporate management and supervisory costs. In prior years a number of one-off revenue and expense 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.

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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 2010 – LLA announced plans to construct a world-class Zip Line Adventure Tour at its Otway Fly Treetop Adventures located in the Otway Ranges in Victoria.

In the same month the Group announced the issue of 101,966,500 unlisted options over stapled securities as part of an Employee Incentive Scheme to senior executives. Each Option will entitle the holder to apply for one stapled security at an exercise price of $0.04. The Options will be exercisable in tranches subject to performance, liquidity and other requirements.

August 2010 – LLA announced that participants in the Employee Incentive Scheme will acquire LLA securities on market over the coming six months to align the interests of senior executives and securityholders.

October 2010 – the Zip Line Adventure Tour at Otway Fly Treetop Adventures in Victoria's Otway Ranges was officially launched by Victoria's Minister of Water, Finance, Tourism and Major Events, the Hon. Tim Holding. The Zip Line Tour represents a $1.400 million investment by the Group and is forecast to be yield accretive in its first year of operation.

October 2010 – Mr Brett Chenoweth a director of the Company and Responsible Entity tendered his resignation.

Matters subsequent to the end of the financial year

No 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.

Likely developments and expected results

The directors look forward to further improvements in the trading performance of the Group's operations during the 2012 financial 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 skifields, treetop adventures and local aquariums. The overseas aquariums are also subject to environmental regulations in the respective foreign jurisdictions. 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.

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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	**2011 $'000**	2010 $'000
Base fee	**793**	745
Total	**793**	745

Remuneration Report (audited)

This Remuneration Report for the year ended 30 June 2011 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* ("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. In addition the Act requires disclosures in respect of 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) Non-executive directors' remuneration arrangements;

(d) Executive remuneration arrangements;

(e) Executive contractual arrangements;

(f) Details of remuneration; and

(g) Equity instrument disclosures.

(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 Chairman (Non-executive)
- Bruce Sinclair McComish — Independent Deputy Chairman (Non-executive)
- Steve Graham Howes — Independent Director (Non-executive)
- Glenn Kevin Wein — Director (Non-executive) – Resigned 22 August 2011
- Brett David Chenoweth — Independent Director (Non-executive) – Resigned 27 October 2010

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Remuneration Report (audited) (continued)

(a) Individual key management personnel disclosures (continued)

(ii) Executives

• John Schryver	Chief Executive Officer, LLA Group and Australian Alpine Enterprises
• Donovan Newton	Chief Financial Officer and Company Secretary, LLA Group
• Geoffrey Olson	Group General Manager, Oceanis Group (appointed on 1 July 2010)
• Peter King	Chief Financial Officer and Company Secretary, Australian Alpine Enterprises
• Helen Moran	General Manager, AAE Property Division and Australian Treetop Adventures
• Kevin Lehmann	Group General Manager, Oceanis Group (retired on 21 July 2010)

Changes to KMP

In July 2010, LLA announced the retirement of Kevin Lehmann, Group General Manager of Oceanis Group, and the appointment of Geoffrey Olson as the new Group General Manager of Oceanis Group.

In October 2010, the Board announced that Brett Chenoweth had resigned as a director of the Company and the Responsible Entity. In August 2011 the Board announced that Glenn Wein had resigned as a director of the Company and the Responsible Entity.

In August 2011, the Board announced the appointment of Michael Roy Johnston and Guy Jalland as directors of the Company and the Responsible Entity. Michael Roy Johnston and Guy Jalland were not KMP during the year ended 30 June 2011, and therefore no details of remuneration are recorded in this Remuneration Report.

(b) Board oversight of remuneration

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 securityholder 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.

Remuneration strategy

The Group's remuneration strategy is to establish remuneration practices which:

- are consistent with the Group's objectives and strategies;
- encourage directors and management to pursue the long-term growth and success of the Group;
- deliver remuneration that is reasonable and compares favourably with other employers in the industry; and
- attract and retain talented and effective directors and employees.

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Remuneration Report (audited) (continued)

(b) Board oversight of remuneration (continued)

To achieve this remuneration strategy, LLA considers the following matters to ensure that the Group has access to suitably qualified, skilled and talented directors and employees:

- the performance of the Group, the business segment, the function and individual performance;
- remuneration levels of companies that are of a comparable size; and
- an appropriate mix of fixed and variable remuneration including long-term incentives.

Remuneration structure

The remuneration structures of LLA's non-executive directors and senior executives are separate and distinct.

(c) Non-executive directors' remuneration arrangements

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to securityholders.

The Board's focus is on strategic direction, long-term corporate performance and creation of securityholder 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. Directors do not receive committee fees, retirement benefits or securities, and do not participate in incentive programs.

Total remuneration for all non-executive directors, last voted on by shareholders of the Company at the 2009 annual general meeting is not to exceed $500,000 per annum.

Directors' fees paid in the 2011 financial year were as follows.

	Consolidated	
Non-executive directors' fees	**2011 $**	2010 $
Company	**129,745**	147,999
Responsible Entity*	**132,745**	168,162
Total remuneration for non-executive directors	**262,490**	316,161

* Fees paid by the Responsible Entity were not recharged to the Group.

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.

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Remuneration Report (audited) (continued)

(d) Executive remuneration arrangements

The remuneration of senior executives is designed to drive superior performance. The objective of the Group's executive reward framework is to have practices and policies 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 securityholders.

The Board ensures that executives' rewards satisfy 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 securityholders;
- 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.

Fixed remuneration

Generally executives are paid a base salary which is both reasonable and market competitive. Fixed compensation is reviewed periodically by the CEO and the Remuneration Committee, and in the case of the CEO, by the Board in conjunction with the Remuneration Committee. Executives are given the opportunity to receive their fixed compensation in a variety of forms, including cash or other designated employee expenditure.

Variable remuneration

Variable remuneration, which includes both short-term and long-term remuneration, is designed to reward senior executives for meeting or exceeding their respective financial, operational and individual objectives. Those benefits are an "at risk" bonus provided in the form of cash and employee options.

Short-term incentives

The short-term incentives ("STI") are structured as a cash bonus dependent upon the satisfactory completion of a combination of individual performance objectives and Group performance objectives. Group objectives include achieving budgetary targets set at the commencement of the financial year.

In assessing whether an individual performance condition has been satisfied, pre-agreed key performance indicators ("KPIs") are used. In assessing whether Group objectives have been satisfied, Board approved budget related targets are used. These methods have been chosen to create clear and measurable performance targets.

Depending upon both individual performance in successfully completing internal projects and Group performance, a bonus may be paid. The objective of this STI is to link the achievement of both individual performance and Group performance with the compensation received by executives.

Long-term incentives

The objective of the long-term incentives ("LTI") is to reward executives in a manner which aligns the creation of securityholder wealth with the interests of executives. In July 2010, LLA implemented an employee incentive scheme ("the Scheme") to those executives who have the most significant impact on organisational strategy and delivering securityholder value. Options were granted in July 2010 under the Scheme which will vest over a two year period to encourage senior executives to adopt a longer-term view on Group performance.

The performance hurdles selected are: achievement of target security prices at a sustainable liquidity level; and satisfaction of individual KPIs including sustainable cashflows and EBITDA. Half of the options of the Scheme will vest after two years, subject to satisfactory completion of individual performance hurdles. The remaining half will vest after three years, again subject to individual performance hurdles.

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Remuneration Report (audited) (continued)

(d) Executive remuneration arrangements (continued)

In special circumstances of outstanding individual performance, the Board may allow the Scheme to be exercised even if the relative performance criteria have not been achieved. This is designed to retain outstanding employees in special circumstances where targets have not been achieved due to circumstances beyond the control of the individual senior executive.

LTI awards for the 2011 financial year

Options were granted under the employee incentive scheme to a number of executives on 30 July 2010. Details in respect of the award are provided in the table in section (g) below.

Hedging of equity awards

The Scheme prohibits executives from entering into arrangements to protect the value of unvested LTI awards. The prohibition includes entering into contracts to hedge their exposure to options awarded as part of their remuneration package.

Consequences of performance on securityholder wealth

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

	2011 $	2010 $	2009 $	2008 $	2007 $
Net profit / (loss)	5,900,000	(2,759,000)	(15,432,000)	(74,754,000)	(11,618,000)
Profit attributable to unitholders	2,583,000	(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	$0.02	$0.05	$0.97
Net tangible assets per stapled security at 30 June	$0.03	$0.03	$0.03	$0.01	$0.47
Return on capital employed	5.19%	1.91%	(1.33)%	(56.32)%	9.25%

Profit / (loss) is considered as one of the indicators of financial performance in setting remuneration level and amounts. Profit / (loss) amounts for 2007 to 2011 have been calculated in accordance with Australian Accounting Standards. The overall level of management personnel compensation takes into account the performance of the Group over a number of years. Performance will influence both the overall level of management compensation, and the size and achievement of any short-term incentives.

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 results have moved from negative to a positive position this year. However, the profit, whilst promising, remains small, and this fact is reflected in the lack of movement in the stapled security price, and the net tangible asset position. The return on capital employed over that same period does however reflect this overall improvement in profitability.

The consequence of these levels of performance by the Group on the remuneration of key management personnel has been that remuneration has shown only marginal increases 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.

In order to further link the remuneration of executives with the long term performance of the Group, in July 2010 the Board approved the introduction of options under the employee incentive scheme noted above.

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Remuneration Report (audited) (continued)

(e) Executive contractual arrangements

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:

	John Schryver	Donovan Newton	Geoffrey Olson	Peter King	Helen Moran
Length of contract and expiry where applicable	3 years expiring on 31 December 2011	Open ended	Open ended	Open ended	Open ended
Base salary	$500,720	$265,181	$265,000	$212,180	$178,661
Superannuation	A	A	A	A	A
Short-term incentive	B	B	B	B	B
Long-term incentive	C	C	C	C	C
End of contract payment: Employer-initiated termination	3 months notice or payment in lieu of notice	3 months notice or payment in lieu of notice	3 months notice or payment in lieu of notice	3 months notice or payment in lieu of notice	3 months notice or payment in lieu of notice
End of contract payment: Termination of serious misconduct	No notice required	No notice required	No notice required	No notice required	No notice required
End of contract payment: Employee-initiated termination	3 months notice	3 months notice or payment in lieu of notice	3 months notice or payment in lieu of notice	3 months notice	3 months notice

A = Statutory contributions are included in base salary.
B = Eligible to participate in a bonus scheme.
C = Eligible to participate in the employee incentive scheme.

(f) 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*) and five highest remunerated executives of Living and Leisure Australia Group are set out in the following tables.

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(f) Details of remuneration

2011	Short-term benefits			Post employment	Long-term benefits	Security based payment			
Name	Salary, allowances and fees $	Cash bonus* $	Non-monetary benefits $	Superannuation $	Long service leave $	Options $	Termination payment $	Total $	Performance related %
Non-executive directors									
Julanne Shearer Independent Chair[1]	87,156	-	-	7,844	-	-	-	95,000	-
Bruce McComish Independent Deputy Chair[1]	64,220	-	-	5,780	-	-	-	70,000	-
Brett Chenoweth[1,3]	20,000	-	-	1,800	-	-	-	21,800	-
Glenn Wein[2]	-	-	-	-	-	-	-	-	-
Steve Howes[1]	75,000	-	-	-	-	-	-	75,000	-
Key management personnel									
John Schryver, CEO – LLA and Australian Alpine Enterprises ("AAE")	485,539	-	857	15,181	10,722	70,182	-	582,481	12.0
Donovan Newton, CFO and Company Secretary – LLA	250,000	-	-	15,181	808	24,747	-	290,736	8.5
Geoffrey Olson, Group General Manager – Oceanis	246,880	-	17,796	13,364	32,618	24,798	-	335,456	7.4
Peter King, CFO and Company Secretary – AAE	196,999	-	-	15,181	5,270	9,928	-	227,378	4.4
Helen Moran, General Manager, AAE Property Division, Australian Treetop Adventures	163,909	-	-	14,752	2,608	8,359	-	189,628	4.4
Kevin Lehman, Group General Manager – Oceanis[4]	35,319	30,000	-	1,600	-	-	-	66,919	44.8
Total	**1,625,022**	**30,000**	**18,653**	**90,683**	**52,026**	**138,014**	**-**	**1,954,398**	**-**
Other Group executives									
Young Pil Kim, General Manager – Busan Aquarium[5]	279,354	128,454	-	-	-	13,100	-	420,908	33.6%

* The cash bonus is a discretionary bonus paid to executives based on performance in the 2010 / 2011 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, and Steve Howes) 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.
3. Brett Chenoweth resigned on 27 October 2010.
4. Kevin Lehman retired on 21 July 2010.
5. Denotes one of the 5 highest paid executives of the Group, as required to be disclosed by the *Corporations Act 2001.*

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(f) Details of remuneration (continued)

2010 Name	Short-term benefits Salary, allowances and fees $	Cash bonus* $	Non-monetary benefits $	Post employment Super-annuation $	Long-term benefits Long service leave $	Termin-ation payment $	Security based payment $	Total $	Perfor-mance related %
Non-executive directors									
Julanne Shearer Independent Chair[1]	77,982	-	-	7,018	-	-	-	85,000	-
Bruce McComish Independent Deputy Chair[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	22.2%

* 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*.

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Remuneration Report (audited) (continued)

(g) Equity instrument disclosures

Options awarded and vested during the year (Consolidated) to key management personnel and the five highest remunerated executives

		Terms and Conditions for each Grant during the year							Options vested during the year	
30 June 2011	Security option programme	Options awarded during the year No.	Award date	Fair value per option at award date $	Exercise price $	Expiry date	First exercise date	Last exercise date	No.	%
Key management personnel										
John Schryver	A	6,250,000	30/07/10	0.0047	0.04	30/10/13	30/07/12	30/10/13	-	-
	B	6,250,000	30/07/10	0.0048	0.04	30/10/13	30/07/12	30/10/13	-	-
	C	6,250,000	30/07/10	0.0048	0.04	30/10/13	30/07/12	30/10/13	-	-
	D	6,250,000	30/07/10	0.0053	0.04	30/10/13	30/07/13	30/10/13	-	-
	E	6,250,000	30/07/10	0.0051	0.04	30/10/13	30/07/13	30/10/13	-	-
	F	6,250,000	30/07/10	0.0049	0.04	30/10/13	30/07/13	30/10/13	-	-
Donovan Newton	A	2,203,833	30/07/10	0.0047	0.04	30/10/13	30/07/12	30/10/13	-	-
	B	2,203,833	30/07/10	0.0048	0.04	30/10/13	30/07/12	30/10/13	-	-
	C	2,203,833	30/07/10	0.0048	0.04	30/10/13	30/07/12	30/10/13	-	-
	D	2,203,833	30/07/10	0.0053	0.04	30/10/13	30/07/13	30/10/13	-	-
	E	2,203,833	30/07/10	0.0051	0.04	30/10/13	30/07/13	30/10/13	-	-
	F	2,203,835	30/07/10	0.0049	0.04	30/10/13	30/07/13	30/10/13	-	-
Geoffrey Olson	A	2,208,333	30/07/10	0.0047	0.04	30/10/13	30/07/12	30/10/13	-	-
	B	2,208,333	30/07/10	0.0048	0.04	30/10/13	30/07/12	30/10/13	-	-
	C	2,208,333	30/07/10	0.0048	0.04	30/10/13	30/07/12	30/10/13	-	-
	D	2,208,333	30/07/10	0.0053	0.04	30/10/13	30/07/13	30/10/13	-	-
	E	2,208,333	30/07/10	0.0051	0.04	30/10/13	30/07/13	30/10/13	-	-
	F	2,208,335	30/07/10	0.0049	0.04	30/10/13	30/07/13	30/10/13	-	-
Peter King	A	884,083	30/07/10	0.0047	0.04	30/10/13	30/07/12	30/10/13	-	-
	B	884,083	30/07/10	0.0048	0.04	30/10/13	30/07/12	30/10/13	-	-
	C	884,083	30/07/10	0.0048	0.04	30/10/13	30/07/12	30/10/13	-	-
	D	884,083	30/07/10	0.0053	0.04	30/10/13	30/07/13	30/10/13	-	-
	E	884,083	30/07/10	0.0051	0.04	30/10/13	30/07/13	30/10/13	-	-
	F	884,085	30/07/10	0.0049	0.04	30/10/13	30/07/13	30/10/13	-	-

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Remuneration Report (audited) (continued)

(g) Equity instrument disclosures (continued)

30 June 2011	Security option pro-gramme	Options awarded during the year No.	Award date	Fair value per option at award date $	Exercise price $	Expiry date	First exercise date	Last exercise date	Options vested during the year No.	%
		Terms and Conditions for each Grant during the year								
Helen Moran	A	744,421	30/07/10	0.0047	0.04	30/10/13	30/07/12	30/10/13	-	-
	B	744,421	30/07/10	0.0048	0.04	30/10/13	30/07/12	30/10/13	-	-
	C	744,421	30/07/10	0.0048	0.04	30/10/13	30/07/12	30/10/13	-	-
	D	744,421	30/07/10	0.0053	0.04	30/10/13	30/07/13	30/10/13	-	-
	E	744,421	30/07/10	0.0051	0.04	30/10/13	30/07/13	30/10/13	-	-
	F	744,420	30/07/10	0.0049	0.04	30/10/13	30/07/13	30/10/13	-	-
Other Group executives										
Young Pil Kim	A	1,166,667	30/07/10	0.0047	0.04	30/10/13	30/07/12	30/10/13	-	-
	B	1,166,667	30/07/10	0.0048	0.04	30/10/13	30/07/12	30/10/13	-	-
	C	1,166,667	30/07/10	0.0048	0.04	30/10/13	30/07/12	30/10/13	-	-
	D	1,166,667	30/07/10	0.0053	0.04	30/10/13	30/07/13	30/10/13	-	-
	E	1,166,667	30/07/10	0.0051	0.04	30/10/13	30/07/13	30/10/13	-	-
	F	1,166,665	30/07/10	0.0049	0.04	30/10/13	30/07/13	30/10/13	-	-
		80,744,025							-	-

No options were issued and outstanding prior to 30 July 2010.

Value of options awarded, exercised and lapsed during the year

30 June 2011	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
Key management personnel				
John Schryver	185,000	-	-	12.0
Donovan Newton	65,233	-	-	8.5
Geoffrey Olson	65,367	-	-	7.4
Peter King	26,169	-	-	4.4
Helen Moran	22,035	-	-	4.4
Other Group executives				
Young Pil Kim	34,533	-	-	3.1

No shares were issued as a result of the exercise of options during the year ended 30 June 2011.

For details on the valuation of options, including models and assumptions used, please refer to note 34.

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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.

The Company and Responsible Entity have paid a premium in respect of a contract of insurance covering directors and officers of the Group. 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. The Group has 93,205,625 unlisted options over stapled securities arising from the senior executive incentive scheme announced on 30 July 2010. No stapled securities were issued during the financial year and before the date the financial report was authorised for issue.

No stapled securities were under escrow during the year, or 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.*

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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 audit and 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, and its related practices:

	Consolidated	
	2011	2010
	$	$
Other assurance services		
Ernst & Young Australia		
Audit and review of financial reports	**1,500**	1,500
Related practices of Ernst & Young Australia	**-**	-
Total remuneration for other assurance services	**1,500**	1,500
Other services		
Ernst & Young Australia		
Taxation services	**46,800**	-
Total remuneration for other services	**46,800**	-
Total remuneration for non-audit services	**48,300**	1,500

Auditor's independence declaration

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

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
25 August 2011

Auditor's independence declaration

30 June 2011

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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 2011, 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
25 August 2011

Corporate governance statement

30 June 2011

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Approach to governance

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.

LLA has established a corporate governance framework comprising a number of policies and charters under which the Group operates. Copies or summaries of the corporate governance documents mentioned in this statement are available on the Group's website, www.livingandleisure.com.au.

The following statement refers to the corporate governance principles and practices followed by the Group during the financial year ended 30 June 2011. The Board believes that LLA's corporate governance practices comply with ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Principle 1: Lay solid foundations for management and oversight

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*. The responsibilities of the Board include approving and monitoring the achievement of LLA's strategies, budgets and major business plans, providing direction to management, overseeing the effectiveness of corporate governance, audit, risk control and compliance program and evaluating performance of the Board and senior executives. The Board has delegated a number of these responsibilities to the Committees of the Board. The role and responsibilities of the Board are set out in the Board Charter and a copy is available at the Group's website, www.livingandleisure.com.au.

The Board normally schedules five meetings per year and meets in the intervening periods when warranted. The Board agenda is prepared by the Company Secretary in conjunction with the Chief Executive Officer ("CEO") and the Chair.

Board delegation to Committees and management

The Board has established an Audit and Risk Committee, a Conflict and Related Party Committee, a Remuneration Committee and a Nomination Committee (collectively "Committees"). Each Committee has a charter which governs its roles and responsibilities. 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 is a pre-requisite for the exercise of options.

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Principle 2: Structure of the Board

Composition of the Board

The Board currently consists of three independent non-executive directors including the Chair and two non-executive directors. In October 2010 the Group announced the resignation of Brett Chenoweth from the Board of the Company and Responsible Entity effective from conclusion of the 2010 annual general meeting ("AGM"). Directors Michael Johnston and Guy Jalland were appointed on 23 August 2011 to replace Glenn Wein who resigned on 22 August 2011. The profile of directors during the financial year is set out in the Directors' report.

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 securityholder of the Group or an officer of, or otherwise associated directly with, a substantial securityholder 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.

The Board assesses the independence of new directors on appointment and reviews the position regularly and as appropriate. The Board continued to maintain a majority of independent directors throughout the year.

Conflicts of interest

Over and above the issue of independence, each director has a continuing responsibility to determine and declare whether they have new potential or actual conflict of interest or if there is any change in the nature and extent of a previously disclosed interest 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 or vote on the subject and the relevant director shall not receive any segment of the board papers or other documents in which there is any reference to the subject.

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.

Nomination Committee

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 and CEO. 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.

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Board selection process

The composition of the Board is reviewed annually as part of board evaluation process to ensure that the Board has the appropriate mix of skills, expertise, experience and diversity. This regular assessment enables the identification of the particular competencies and perspectives that will best increase the Board's effectiveness. The assessment is assisted by use of a Board 'skills matrix' to identify any gaps.

When a vacancy exists, the Nomination Committee will commence a search process for potential appointees, with assistance of external consultants as necessary. Candidates are assessed against the required skills and on their qualifications, backgrounds and personal qualities. The Nomination Committee will then recommend the most appropriate candidate(s) for consideration by the Board.

The Board recognises that diversity is a competitive advantage in bringing real value, adding to the collective skills and experience of the Board and allowing Board renewal with changing needs. The Nomination Committee is responsible for making recommendations to the Board on strategies for addressing Board gender diversity.

Term of office

The terms and conditions of the appointment and retirement of members of the Board are set out in a letter of appointment and in accordance with constitutions of the Responsible Entity and the Company.

The Company's constitution requires one third or minimal two of the directors to retire from office at each AGM. Directors who have been appointed by the Board during the year hold office until the conclusion of the next AGM following their appointment. Retiring directors are eligible for re-election by securityholders.

Directors cannot hold office for a period in excess of three years or beyond the third AGM following their appointment without submitting themselves for re-election.

Directors' induction and education

LLA has a process to educate directors about the nature of the business, culture and values of the Group, corporate strategy and meeting arrangements. The induction program includes LLA providing papers, presentations and briefings on LLA's operations, meetings with the Chair and management as well as visitation to the Group's attractions to gain a better understanding of the business. The Group also supports directors to undertake continuing education relevant to the discharge of their obligations as directors of the Group.

Access to information and professional advice

All directors have unrestricted access to management and receive regular detailed financial and operational reports from management to enable the directors to discharge its duties effectively. 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, Chief Financial Officer ("CFO") / Company Secretary 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.

Board performance evaluation

The Board undertakes an evaluation to review the performance of the Board and its committees annually. The last evaluation was conducted in May 2011 where the Board adopted a self-evaluation process to identify areas for improvement to enhance the effectiveness of the Board. The process was conducted through review and analysis of responses to confidential questionnaire's completed by each director. Responses to the questionnaire were collated and discussed by the Board in an open forum and recommendations for improvement considered.

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Principle 3: Ethical standards and responsible decision making

Conduct and Ethics

LLA's Code of Conduct was endorsed by the Board and applies to all directors, employees and contractors. The Code of Conduct 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 of Conduct requires that all personnel act with the utmost honesty and integrity in compliance with the spirit of the law and internal policies at all times.

Whistleblowing Policy

LLA's Whistleblowing Policy encourages employees and contractors to report concerns in relation to illegal, unethical or improper conduct without fear of reprisal if it is reported in good faith. LLA commits to absolute confidentiality and fairness in all matters raised.

Securities trading

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

Directors and employees must seek approval from the Company Secretary ahead of any acquisition or disposal of LLA securities. The directors and employees must also advise the Company Secretary if they intend to enter into, or have entered into, a margin lending or other security arrangement affecting the LLA securities. 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 securityholdings in the Group by directors and employees.

Workplace diversity

Diversity in LLA encompasses diverse skills and perspectives that people bring to the organisation through their gender, origin, ethnicity, culture, disability, age, sexual orientation, family responsibilities or religious belief.

LLA believes its gender diversity throughout the organisation is in line with Australian industry benchmark. LLA is committed to continue to maintain its gender diversity across its businesses. As at 30 June 2011 women comprised 49.1% of employees throughout the Group and occupied 37.5% of senior management positions. Representation of women at the Board level was 25%.

Corporate responsibility and sustainability

The Group views sustainability and responsible business practices as important for our business and to add securityholder 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.

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Principle 4: Safeguard integrity in financial reporting

Audit and Risk Committee

The Audit and Risk Committee consists of a minimum of three non-executive directors, the majority of which are independent directors. Independent non-executive director, Steve Howes is the Chair of this Committee.

The main responsibilities of the Committee are to:

- review, assess and make recommendation to the Board on annual and half-year financial reports and all other financial information 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; and
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence.

In fulfilling its responsibilities, the Audit and Risk Committee:

- receives regular reports from management and the external auditor;
- meets with the external auditor at least twice a year, or more frequently where necessary;
- reviews the processes in place to support CEO and CFO certification 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 whether 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 aspects in relation to financial reporting risks for the financial year ended 30 June 2011.

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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.

Ernst & Young has provided an independence declaration to the Board for the financial year ended 30 June 2011. The Audit and Risk Committee has considered the nature of the non-audit and assurance related services provided by the external auditor during the year and determined that the services provided, and the amount paid for those services, are compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. 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.

Principle 5: 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 securityholder confidence.

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 information is made available on LLA's website following release to the ASX.

All material matters which may potentially require disclosure are promptly reported to the Company Secretary. Where appropriate the Company Secretary will refer matters to the CEO and / or the Board, to make an assessment and determination as to disclosure.

The Company Secretary is responsible for communications with the ASX and compliance with the continuous disclosure requirements in the ASX Listing Rules. He also oversees and coordinates information disclosure to analysts, brokers, securityholders, media and to general public.

LLA's market disclosure policy is available on LLA's website at, www.livingandleisure.com.au.

Principle 6: Securityholder communication

The Board aims to provide all securityholders 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 securityholder meetings.

LLA regards the AGM as an important opportunity for engaging and communicating with securityholders. Securityholders are encouraged to attend and actively participate in our AGM. Securityholders 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 annual and interim financial reports, ASX announcements and notice of meeting. LLA's communication policy is available at www.livingandleisure.com.au.

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Principle 7: 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.

LLA's risk management framework is designed to ensure business risks are identified, assessed and managed appropriately including recognising material changes to the Group's risk profile. The Audit and Risk Committee assists the Board in overseeing the effectiveness of the risk management framework and the supporting systems. The CEO and CFO are assisted by the general manager of business units in managing the risk management process. The Board and the Audit and Risk Committee receive regular reports from management on effectiveness of our management of material business risks.

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

Principle 8: Remunerate fairly and responsibly

Remuneration Committee

The Board has a Remuneration Committee. The Remuneration 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 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 2011

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	Notes	Consolidated 2011 $'000	2010 $'000
Revenue	6	**126,043**	117,510
Cost of goods sold		**(9,117)**	(8,259)
Gross profit		**116,926**	109,251
Other income	7	**-**	5,742
Employee costs		**(40,861)**	(42,494)
Marketing costs		**(8,658)**	(8,176)
Occupancy costs		**(17,877)**	(19,725)
Responsible Entity fees		**(793)**	(745)
Loss on disposal of assets		**(12)**	(74)
Administration and other costs		**(16,994)**	(15,001)
		31,731	28,778
Depreciation and amortisation expense	8(c)	**(16,104)**	(17,165)
Profit from operating activities		**15,627**	11,613
Interest income		**1,715**	743
Interest expense	8(b)	**(13,249)**	(12,824)
Borrowing costs	8(b)	**(126)**	(151)
Interest rate swap (expense) / revenue	8(b)	**(32)**	925
Net finance costs		**(11,692)**	(11,307)
Profit before income tax		**3,935**	306
Income tax benefit / (expense)	9	**1,965**	(3,065)
Net profit / (loss) for the period		**5,900**	(2,759)
Other comprehensive income			
Foreign currency translation	27(b)	**(6,322)**	(672)
Employee benefits reserve	27(b)	**174**	-
Income tax on items of other comprehensive income		**-**	-
Other comprehensive income / (loss) for the period, net of tax		**(6,148)**	(672)
Total comprehensive income / (loss) for the period		**(248)**	(3,431)

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 2011

	Notes	Consolidated 2011 $'000	2010 $'000
Profit / (loss) for the period is attributable to:			
Unitholders		**2,583**	(7,080)
Shareholders		**3,313**	4,299
Non-controlling interest		**4**	22
		5,900	(2,759)
Total comprehensive income for the period is attributable to:			
Unitholders		**1,075**	(7,228)
Shareholders		**(1,327)**	3,775
Non-controlling interest		**4**	22
		(248)	(3,431)
Earnings per unit for profit / (loss) from continuing operations		**Cents**	Cents
Per stapled security			
Basic and diluted earnings per security	10	**0.22**	(0.10)
Per unit held			
Basic and diluted earnings per unit	10	**0.09**	(0.26)

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

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Statement of financial position

As at 30 June 2011

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	Notes	Consolidated 2011 $'000	2010 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	**30,925**	19,928
Trade and other receivables	12	**4,133**	2,927
Inventories	13	**7,350**	9,012
Other current assets	14	**1,949**	2,388
Total current assets		**44,357**	34,255
Non-current assets			
Investment properties	15	**7,127**	7,127
Property, plant and equipment	16	**209,662**	227,106
Intangible assets	17	**73,499**	73,552
Other non-current assets	18	**920**	1,340
Total non-current assets		**291,208**	309,125
Total assets		**335,565**	343,380
LIABILITIES			
Current liabilities			
Trade and other payables	19	**22,314**	23,694
Provisions	20	**2,479**	2,504
Deferred income	22	**4,535**	4,007
Derivative financial instruments	23	**118**	256
Borrowings	24	**4,518**	4,904
Current tax liabilities	9	**647**	182
Total current liabilities		**34,611**	35,547
Non-current liabilities			
Trade and other payables		**884**	804
Provisions	21	**1,766**	1,646
Deferred income	25	**7,554**	8,837
Borrowings	24	**129,672**	132,245
Deferred tax liabilities	9	**4,000**	6,975
Total non-current liabilities		**143,876**	150,507
Total liabilities		**178,487**	186,054
Net assets		**157,078**	157,326

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

Statement of financial position (continued)

As at 30 June 2011

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	Notes	Consolidated 2011 $'000	2010 $'000
EQUITY			
Trust			
Contributed equity	26(a)	**261,575**	261,575
Reserves	27(b)	**10,897**	12,405
Retained profits / (accumulated losses)	27(a)	**(10,540)**	(13,123)
Total equity attributable to unitholders		**261,932**	260,857
Company			
Contributed equity	26(a)	**2,681**	2,681
Reserves	27(b)	**(26,993)**	(22,353)
Retained profits / (accumulated losses)	27(a)	**(81,488)**	(84,801)
Total interest attributable to shareholders		**(105,800)**	(104,473)
Total equity attributable to stapled securityholders		**156,132**	156,384
Non-controlling interests	28	**946**	942
Total equity		**157,078**	157,326

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 2011

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2011	Trust						Consolidated			
	Contributed equity - trust	Retained earnings	Asset revaluation reserve	Foreign currency translation reserve	Employee benefit 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 2010	**261,575**	**(13,123)**	**516**	**11,889**	**-**	**260,857**	**(104,473)**	**156,384**	**942**	**157,326**
Profit (loss) for the year	**-**	**2,583**	**-**	**-**	**-**	**2,583**	**3,313**	**5,896**	**4**	**5,900**
Other comprehensive income	**-**	**-**	**-**	**(1,682)**	**174**	**(1,508)**	**(4,640)**	**(6,148)**	**-**	**(6,148)**
Total comprehensive income for the period	**-**	**2,583**	**-**	**(1,682)**	**174**	**1,075**	**(1,327)**	**(252)**	**4**	**(248)**
Transactions with owners in their capacity as owners:										
Balance at 30 June 2011	**261,575**	**(10,540)**	**516**	**10,207**	**174**	**261,932**	**(105,800)**	**156,132**	**946**	**157,078**

2010	Trust					Consolidated			
	Contributed equity - trust	Retained earnings	Asset revaluation 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

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 2011

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	Notes	Consolidated 2011 $'000	2010 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**134,645**	128,703
Payments to suppliers and employees (inclusive of goods and services tax)		**(103,807)**	(107,282)
Interest revenue received		**1,616**	742
Interest and borrowing costs paid		**(12,984)**	(9,360)
Income taxes paid		**(545)**	(652)
Net cash inflow from operating activities	29	**18,925**	12,151
Cash flows from investing activities			
Payments for capital expenditure		**(6,706)**	(8,488)
Proceeds from sale of property, plant and equipment		**2,049**	280
Proceeds from joint venture		**-**	25,048
Payments to related parties		**(117)**	-
Net cash inflow / (outflow) from investing activities		**(4,774)**	16,840
Cash flows from financing activities			
Proceeds from borrowings		**-**	1,928
Repayment of borrowings		**(1,700)**	(28,399)
Repayment of finance leases		**(991)**	-
Net cash inflow / (outflow) from financing activities		**(2,691)**	(26,471)
Net increase in cash and cash equivalents		**11,460**	2,520
Net foreign exchange differences		**(463)**	(192)
Cash and cash equivalents at the beginning of the financial year		**19,928**	17,600
Cash and cash equivalents at end of year	11	**30,925**	19,928

The above statements of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2011

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1 Corporate Information

The consolidated financial report of Living and Leisure Australia Group for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of directors on 25 August 2011.

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 to the presentation adopted in the 2011 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:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2010:

AASB Reference	Title
AASB 2009-5	*Further Improvements to Australian Accounting Standards arising from the Annual Improvement Project*
AASB 2009-13	*Amendments to Australian Accounting Standards arising from Interpretation 19, and*
AASB 2010-3	*Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

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 on the following pages:

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(b) New accounting standards and interpretations (continued)

Annual Improvement Project

The AASB issued an omnibus of amendments 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 in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

- AASB 5 *Non-current Assets Held for Sale and Discontinued Operations:* clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in AASB 5. The disclosure requirements of other Accounting Standards only apply if specifically required for such non-current assets or discontinued operations. This change has no impact on the financial statements.
- 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 continue not to disclose this information.
- AASB 107 *Statement of Cash Flows:* states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This change did not result in any change in its statement of cash flows.
- 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.

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:

- AASB 101 *Presentation of Financial Statements*
- AASB 117 *Leases*
- AASB 134 *Interim Financial Reporting*
- AASB 138 *Intangible Assets*
- AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB Interpretation 9 *Reassessment of Embedded Derivatives*
- AASB Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
- AASB Interpretation 17 *Distribution of Non-cash Assets to Owners.*

(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 2011, but have not been applied in preparing this financial report.

AASB 9 *Financial Instruments,* AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2013).

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for any available for sale financial assets, should there be any such assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments; Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt AASB 9.

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(b) New accounting standards and interpretations (continued)

Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Standards* (effective from 1 January 2011).

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be adopted retrospectively. The amendment clarifies and simplifies the definition of a related party. The Group will apply the amendment from 1 July 2011. When the amendments are applied, the Group will need to disclose any transactions between its subsidiaries and any associates. However, there will be no impact on any of the amounts recognised in the financial statements.

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.* This addresses changes to AASB1, AASB7, AASB101, AASB134 and Interpretation 13. These changes relate to disclosure items and principles in these standards, however there will be no impact on any amounts recognised in the financial statements.

AASB 2010-5 *Amendments to Australian Accounting Standards* (effective from 1 January 2011). This standard makes numerous editorial amendments to Australian Accounting Standards and Interpretations. These amendments have no major impact on the requirements of the amended pronouncements.

AASB 2010-7 *Amendments to Australian Accounting Standards – arising from AASB 9 (December 2010)* addresses the classification, measurement and derecognition of financial liabilities and the ability to use the fair value option. Where the fair value option is used for financial liabilities the change in fair value is split, with the change attributable to changes in credit risk presented in other comprehensive income, and the balance presented in the profit or loss. The standard is not applicable until 1 January 2013 but is available for early adoption.

AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets* (effective from 1 January 2012) addresses the determination of deferred tax on investment property measured at fair value. The standard introduces a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying value will be recoverable through sale. The Group will apply this amendment from 1 July 2012. The Group is currently evaluating the impact of the amendment.

(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 (the 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.

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.

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(c) Basis of consolidation (continued)

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.

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 that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquisition are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation of that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generation unit retained.

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.

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.

If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences, recorded in equity;
- derecognises the fair value of the consideration received;
- derecognises the fair value of any investment retained;
- derecognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss, or retained earnings as appropriate.

(d) Business combinations

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, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. 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 as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled in equity.

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(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. Operating segments have been identified based on the information provided to the chief operating decision maker – being the Group's CEO.

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.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

(f) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of Living and Leisure Australia Trust and the Group's Australian subsidiaries is Australian dollars ($). 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 (see below for consolidated reporting).

(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 and presented in the foreign currency translation reserve in equity.

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 adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

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(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 and other 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 rate 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 forward currency contracts and interest rate swaps) to hedge its risks associated with foreign currency and interest rate fluctuations. Such 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 forward currency contracts are calculated by reference to current forward exchange contracts with similar maturity profiles. 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).

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(j) Derivative financial instruments and hedging (continued)

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.

Recognition and derecognition

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. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it transferred control of the assets.

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 rate method.

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.

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(k) Investments and other financial assets (continued)

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 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 7.

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.

(m) Property, plant and equipment

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 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.

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(m) Property, plant and equipment (continued)

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 charged off to the profit or loss during the reporting period in which they are included.

(n) 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 or 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. 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.

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(n) Investment property (continued)

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.

(o) 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, even if the right is not explicitly specified in an arrangement.

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 operating 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.

(p) 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.

(q) 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.

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(q) Intangible assets (continued)

(i) Goodwill (continued)

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 May 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 17.

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 is 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.

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.

(r) 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.

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(s) Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received, 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.

(t) Provisions

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefit 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 reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(u) 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.

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(v) Security-based payment transactions

Equity-settled transactions

The Group provides benefits to certain executives (including key management personnel) in the form of security-based payments, whereby employees render services in exchange for securities (equity-settled transactions). The Living and Leisure Australia Option Plan ("Option Plan") has been established to provide benefits to senior management employees (including key management personnel).

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial option pricing model, further details of which are given in note 34.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than (if applicable):

(i) Non-vesting conditions that do not determine whether the Group or Trust receives the services that entitle the employees to receive payment in equity; and

(ii) Conditions that are linked to the price of the stapled securities of the Group (market conditions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become entitled to the award (the vesting date). At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

(i) The grant date fair value of the award;

(ii) The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and

(iii) The expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition or non-vesting condition is considered to vest irrespective of whether or not that market condition or non-vesting condition is fulfilled, provided all other conditions are satisfied.

If a non-vesting condition is within the control of the Group, Trust or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Group, Trust, nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the security-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see note 10).

(w) Contributed equity

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

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(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 rate 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 2011 fiscal year. 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.

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(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 at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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; or
- 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; or
- 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 income 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 ("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.

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(z) Income tax and other taxes (continued)

Tax consolidation (continued)

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 securityholders' funds. Where taxable income is distributed, and it differs from accounting profit, the difference is transferred to securityholders' funds.

Capital

The Responsible Entity can distribute capital to unitholders. Any distribution of capital is treated as a reduction in Unitholders' 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.

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(ab) Earnings per stapled security

(i) Basic earnings per unit

Basic earnings per unit is calculated by dividing the net profit attributable to unitholders 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
- 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) Securityholders' funds

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

In April 2007, the Trust's constitution was amended, following unitholder 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 unitholders were reclassified as equity. From that date on, profits attributable to ordinary unitholders have been 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 unitholders

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 unitholders 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.

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(af) Financial guarantees

The Group has provided bank guarantees as disclosed in note 38(b). Where the Group expects that these financial guarantees will be called upon a liability for financial guarantees is recorded. The fair value of financial guarantees recognised as liabilities is assessed using a probability weighted discounted cash flow approach. Under this approach the following assumptions are made:

- Probability of default ("PD"): This represents the likelihood of the guaranteed party defaulting in a one year period.
- Loss given default ("LGD"): This represents the proportion of the exposure that is not expected to be recovered in the event of a default by the guaranteed party.
- Exposure at default ("EAD"): This represents the maximum loss that the Group is exposed to if the guaranteed party were to default. The model assumes that the guaranteed contract is at a maximum possible exposure at the time of the default.

The value of the financial guarantee over each future year of the guarantee's life is then equal to PD x LGD x EAD, which is discounted over the contractual term of the guarantee, to reporting date to determine fair value. The contractual term of the guarantee matches the underlying obligation to which it relates.

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 and foreign exchange contracts 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, and 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. Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. 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 were as follows:

		Korean Won	Thai Baht	Chinese Renminbi	Arab Emirates Dirham
2011	**$1 AUD =**	**1,113.47**	**31.6798**	**6.74669**	**3.85153**
2010	$1 AUD =	1,040.76	27.6582	5.81335	3.14471

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3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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

	30 June 2011				30 June 2010			
	KRW	**THB**	**CNY**	**AED**	KRW	THB	CNY	AED
	'000	**'000**	**'000**	**'000**	'000	'000	'000	'000
Cash	**753,200**	**20,895**	**4,938**	**2,363**	1,839,271	21,003	10,519	749
Trade and other receivables	**307,083**	**8,343**	**2,382**	**339**	175,932	8,654	1,477	776
Trade and other payables	**(2,766,530)**	**(87,996)**	**(21,946)**	**(64)**	(926,415)	(66,623)	(26,458)	(23)
Net exposure	**(1,706,247)**	**(58,758)**	**(14,626)**	**2,638**	1,088,788	(36,966)	(14,462)	1,502

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.

The Group also has transactional currency exposures. Such exposures arise from purchases by an operating entity in currencies other than the functional currency. The Group will use forward currency contracts to eliminate currency exposures on large individual transactions for which payment is due more than one month after the Group has entered into a firm commitment for the sale or purchase. It is the Group's practice not to enter into forward foreign currency contracts until a firm commitment is in place and to negotiate the terms of the hedge derivatives to exactly match the terms of the hedged item to maximise hedge effectiveness.

At 30 June 2011, the Group had foreign currency hedging instruments in place hedging a notional amount of $396,000 (30 June 2010: nil) as outlined in note 23.

Sensitivity analysis

The following sensitivity analysis is based on the foreign currency risk exposures in existence at reporting date.

At 30 June 2011, had the Australian Dollar moved, as illustrated below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

Judgements of reasonably possible movements	**Post tax profit higher / (lower)**		**Other comprehensive income higher / (lower)**	
	2011 $'000	2011 $'000	**2011 $'000**	2010 $'000
AUD to KRW +10% (2010 +5%)	**-**	-	**139**	(50)
AUD to KRW -10% (2010 -5%)	**-**	-	**(170)**	55
AUD to THB +15% (2010 +5%)	**-**	-	**242**	64
AUD to THB -10% (2010 -5%)	**-**	-	**(206)**	(70)
AUD to CNY +15% (2010 +5%)	**-**	-	**283**	118
AUD to CNY -10% (2010 -5%)	**-**	-	**(241)**	(131)
AUD to AED +15% (2010 +5%)	**(63)**	(16)	**-**	-
AUD to AED -15% (2010 -5%)	**85**	18	**-**	-

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3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years historical movements.
- The reasonably possible movement was calculated by taking the various currency spot rates as at balance date, moving this spot rate by the reasonably possible movements and then re-converting these currencies into AUD with the "new spot rates". This methodology reflects the translation methodology undertaken by the Group.
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed in the next twelve months from balance date.

(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 2011 and 2010, the Group's borrowings were at variable rates and were denominated in Australian Dollars.

The Group hedges a part of 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 2011	30 June 2010
	$'000	$'000
Bank overdrafts and bank loans	**132,701**	134,548
Interest rate swaps (notional principal amount)	**(25,000)**	(25,000)
Net exposure to interest rate risk	**107,701**	109,548

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

Sensitivity analysis

At 30 June 2011, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

Judgements of reasonably possible movements	**Post tax profit higher / (lower)**		**Other comprehensive income higher / (lower)**	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
+0.50% (50 basis points), (2010 + 0.50%)	**(377)**	(383)	**-**	-
-0.50% (50 basis points), (2010 – 0.50%)	**377**	383	**-**	-

The movements in profit are due to higher / lower interest costs from variable rate debt and cash balances. The sensitivity is higher than in 2010 because of the higher reasonably possible movements in 2011.

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3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Significant assumptions used in the interest rate sensitivity analysis include:

- Reasonably possible movements in interest rates were determined based on the Group's current credit rating and mix of debt, relationships with financiers, and the level of debt that is expected to be renewed as well as a review of the last two years historical movements.
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed in the next twelve months from balance date.

(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. Short-term deposits are only maintained with major Australian banks. 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, treetop adventure 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 (2010: $407,794) in relation to financial guarantees granted.

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. At the end of the reporting period the Group held cash and short term deposits of $30,925,000 (2010: $19,928,000) that are expected to readily generate cash inflows for managing liquidity risk.

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. This is initially carried out at local level in the operating companies of the Group in accordance with practice and limits set by the Group. This process is then monitored at the Group level to manage overall cash and funding requirements. Due to the dynamic nature of the underlying businesses, management aims at maintaining flexibility in funding by managing cash deposits and keeping credit lines available. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

Financing arrangements

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

	Consolidated	
	2011	2010
	$'000	$'000
Finance lease and guarantee facility	**2,292**	1,751

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3 Financial risk management (continued)

(c) Liquidity risk (continued)

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 2011							
Non-derivatives							
Trade payables	**14,922**	**-**	**-**	**-**	**-**	**14,922**	**14,922**
Refundable deposits	**2,257**	**-**	**-**	**-**	**-**	**2,257**	**2,257**
Other payables	**5,146**	**-**	**884**	**-**	**-**	**6,030**	**6,030**
Finance leases	**107**	**12**	**49**	**-**	**-**	**168**	**158**
Fixed rate loans	**350**	**350**	**699**	**-**	**-**	**1,399**	**1,316**
Variable rate loans	**3,765**	**-**	**-**	**128,951**	**-**	**132,716**	**132,716**
Total non-derivatives	**26,547**	**362**	**1,632**	**128,951**	**-**	**157,492**	**157,399**
Derivatives							
Interest rate swaps	**107**	**-**	**-**	**-**	**-**	**107**	**107**
As at 30 June 2010							
Non-derivatives							
Trade payables	18,726	-	-	-	-	18,726	18,726
Refundable deposits	3,056	-	-	-	-	3,056	3,056
Other payables	1,912	-	804	-	-	2,716	2,716
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

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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).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2011 and 30 June 2010.

Group as at 30 June 2011	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities				
Interest rate swap	**-**	**107**	**-**	**107**
Forward currency contracts	**-**	**11**	**-**	**11**
	-	**118**	**-**	**118**
Group as at 30 June 2010				
Financial liabilities				
Interest rate swap	-	256	-	256
	-	256	-	256

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 2011 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.

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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 17 for details of these assumptions and the potential impact of changes to the assumptions.

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4 Significant accounting judgements, estimates and assumptions (continued)

(b) Significant accounting estimates and assumptions (continued)

(ii) Security-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined with the assistance of an external valuer using a binomial model. The related assumptions are detailed in note 34. The accounting estimates and assumptions relating to equity-settled security-based payments would have no impact on the carrying amounts of assets and liabilities with the next annual reporting period but may impact expenses and equity.

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

The Group will regularly 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. Adjustments to useful lives are made when considered necessary.

(iv) 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

Skifields
The operation of ski lifts, ski school, ski hire and retail and accommodation facilities at 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).

Australian Treetop Adventures
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. On 20 October 2010 the Group opened the newly constructed Zip Line Adventure Tour at its Otway Fly.

Property development
Property development at Hotham and Falls Creek Alpine Resorts, and Dinner Plain Village.

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5 Operating segments (continued)

(a) Segment information (continued)

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.

(b) Operating segment information

	Skifields $'000	Aquariums $'000	Australian Treetop Adventures $'000	Property $'000	Other $'000	Total $'000
Year ended 30 June 2011						
Segment revenue	48,482	71,543	4,562	1,256	200	126,043
Segment expenses	(34,991)	(48,986)	(2,972)	(1,212)	(6,151)	(94,312)
Segment EBITDA	13,491	22,557	1,590	44	(5,951)	31,731
Depreciation and amortisation						(16,104)
Interest revenue						1,715
Finance costs						(13,407)
Net profit before tax						3,935
Income tax expense						1,965
Profit for the year						5,900
Capital expenditure	1,819	3,668	1,203	-	16	6,706

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5 Operating segments (continued)

(b) Operating segment information (continued)

	Skifields $'000	Aquariums $'000	Australian Treetop Adventures $'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 before tax						306
Income tax expense						(3,065)
Loss for the year						(2,759)
Capital expenditure	4,973	2,784	173	-	558	8,488

(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.

	2011		2010	
	Revenues $'000	**Non-current assets $'000**	Revenues $'000	Non-current assets $'000
Australia	**89,031**	**233,458**	84,915	241,625
Korea	**15,422**	**24,032**	13,168	27,923
Thailand	**11,940**	**24,030**	11,141	28,492
China	**9,650**	**9,688**	8,286	11,085
Total	**126,043**	**291,208**	117,510	309,125

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6 Revenue

	Consolidated 2011 $'000	2010 $'000
Ticket sales	**81,932**	74,127
Ski lessons and equipment hire	**11,907**	11,608
Food and beverage sales	**7,948**	7,315
Property sales	**1,255**	-
Retail sales	**10,701**	10,639
Consulting fee income	**1,437**	1,118
Rents and sub-lease rentals	**4,588**	4,919
Services income	**1,575**	1,715
Other revenue	**4,700**	6,069
	126,043	117,510

7 Other income

One off revenue	Consolidated 2011 $'000	2010 $'000
Net gain on re-measurement of joint venture arrangements	**-**	5,742
	-	5,742

Northbank Place joint venture

In prior years a subsidiary, Northbank Development Trust, entered into a joint venture to develop land adjacent to the Melbourne Aquarium for commercial and residential housing. This land is referred to as 'Northbank Place'. 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 were shared 50:50 between the joint venture parties and have been fully repaid.

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 $9,000,000 advance from FEC, and an indemnity against all costs relating to the Northbank development. The $9,000,000 was 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 2010, financial year the Oceanis Northbank Trust fully repaid all external borrowings, which it had incurred in relation to the Northbank Development. As a consequence at December 2009 the Group remeasured its joint venture arrangements. The net impact was that the Group has recognised a profit from the Northbank Development joint venture of $5,742,000 subject to income tax.

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7 Other income (continued)

	Consolidated	
	2011 $'000	2010 $'000
Carrying amount of investment in partnership		
Investment in joint venture	**-**	4,427
Impairment loss recognised in profit and loss	**-**	(4,427)
	-	-
Loan advanced	**-**	(9,000)
Interest accrued	**-**	(1,169)
Gain on re-measurement of financial liability recognised in profit or loss	**-**	10,169
	-	-
Net gain on re-measurement of joint venture arrangements	**-**	5,742

8 Expenses

Profit / (loss) for the year includes the following items that are unusual because of their nature, size or incidence:

8(a) Consultancy payments		
Consultancy payments – business development	**29**	22
Other	**382**	188
Consultancy payments	**411**	210
*8(b) Finance costs expensed**		
Interest expense	**13,224**	12,768
Finance charges payable under finance leases	**25**	56
	13,249	12,824
Borrowing costs	**126**	151
Interest rate swap expense	**32**	(925)
Finance costs expensed	**13,407**	12,050
** excludes amounts attributable to unitholders*		
8(c) Depreciation and amortisation expense		
Amortisation – intangibles	**65**	40
Depreciation – property, plant & equipment	**16,039**	17,125
Depreciation and amortisation expense	**16,104**	17,165
8(d) Operating lease expenditure	**4,765**	4,091
8(e) Defined contribution superannuation expense	**2,714**	1,518
8(f) Security-based payments expense	**174**	-
8(g) Direct operating expense for rental income	**3,906**	4,981

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9 Income taxation

(a) Income tax expense

Income tax recognised in the income statement	Consolidated 2011 $'000	2010 $'000
Current tax	**(3,854)**	3,057
Deferred tax	**1,889**	2,402
Prior year tax losses not recognised now recouped current tax expense	**-**	(2,394)
Taxation expense / (benefit) reported in the statement of comprehensive income	**(1,965)**	3,065

Current tax expense includes $1,010,000 (2010: $182,000) in relation to withholding tax.

(b) 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:		
Net deferred tax - debited (credited) directly to equity	**-**	-
	-	-

Trust

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

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

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

Profit from continuing operations before income tax expense	**3,935**	306
Tax at the Australian tax rate of 30% (2010 - 30%)	**1,181**	92
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Overseas non-assessable income adjustment	**(3,727)**	162
Tax effect of operating results on Australian Trusts	**(887)**	2,073
Foreign withholding tax	**1,010**	182
Under (over) provided in prior periods	**(2,130)**	3,807
Prior year tax losses not recognised now recouped	**-**	(2,394)
Current year tax losses not recognised	**2,445**	-
Sundry items	**143**	(857)
Total income tax expense	**(1,965)**	3,065

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9 Income taxation (continued)

(d) Recognised deferred tax assets and liabilities

	Consolidated			
	2011	**2011**	2010	2010
Amounts recognised in statement of financial position	**Current income tax $'000**	**Deferred income tax $'000**	Current income tax $'000	Deferred income tax $'000
Opening balance at 1 July	**(182)**	**(6,975)**	(171)	(4,573)
Charged to income	**(1,010)**	**2,975**	(663)	(2,402)
Charged to other comprehensive income	**-**	**-**	-	-
Other payments	**545**	**-**	652	-
Closing balance at 30 June	**(647)**	**(4,000)**	(182)	(6,975)
Tax expense in statement of comprehensive income		**(1,965)**		3,065
Amounts recognised in the statement of financial position:				
Deferred tax asset		**-**		-
Deferred tax liability		**(4,000)**		(6,975)
		(4,000)		(6,975)

	Consolidated	
	2011 $'000	2010 $'000
Deferred tax liabilities		
Property, plant and equipment	**(6,880)**	(8,892)
Inventory	**(1,070)**	(1,456)
Prepayments	**-**	(552)
Other	**(1,920)**	(2,684)
Gross deferred tax liabilities	**(9,870)**	(13,584)
Set off of deferred tax assets	**5,870**	6,609
Net deferred tax liabilities	**(4,000)**	(6,975)
Deferred tax assets		
Provisions	**1,277**	2,315
Unearned income	**1,318**	1,553
Accruals	**1,056**	883
Loans	**2,219**	-
Other	**-**	1,858
Gross deferred tax assets	**5,870**	6,609
Set off of deferred tax liabilities	**(5,870)**	(6,609)
Net deferred tax assets	**-**	-

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9 Income taxation (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 $54.207 million (2010: $38.969 million). The total amount of unrecognised tax losses relating to foreign subsidiaries is $19.687 million (2010: $19.056 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 ("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.

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement the funding of tax within the Group is based on accounting profit, which is not an acceptable method of allocation under AASB *Interpretation 1052*. The tax funding agreement requires payments to / from the head entity to be recognised via an inter-entity receivable / payable which is at call. To the extent that there is a difference between the amount charged under the tax funding agreement and the allocation under AASB *Interpretation 1052*, the head entity accounts for these as equity transactions with the subsidiaries.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of 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.

(g) Taxation of financial arrangements

Legislation is in place under which changes in the tax treatment of financial arrangements including tax treatment of hedging transactions. The Group has assessed the potential impact of these changes on the Group's tax position. No impact has been recognised and no adjustments have been made to the deferred tax and income tax balances at 30 June 2011 (2010: nil).

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

	Consolidated	
	2011 Cents	2010 Cents
(a) Basic and diluted earnings / (loss) per stapled security	**0.22**	(0.10)
(b) Basic and diluted earnings / (loss) per unit	**0.09**	(0.26)

(c) Reconciliations of earnings / (loss) used in calculating earnings / (loss) per stapled security and unit	**$'000**	$'000
Basic and diluted earnings / (loss) per stapled security		
Profit / (loss) from continuing operations attributable to the stapled securityholders of the Group used in calculating basic and diluted earnings /(loss) per stapled security	**5,896**	(2,781)
Basic and diluted earnings / (loss) per unit		
Profit / (loss) from continuing operations attributable to the unitholders of the Trust used in calculating basic and diluted earnings / (loss) per unit	**2,583**	(7,080)

(d) Weighted average number of stapled securities and units used as the denominator	**2011 Number**	2010 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**	2,726,286,083
Effect of share options on issue	**-**	-
Weighted average number of units used as the denominator in calculating diluted earnings / (loss) per share	**2,726,286,083**	2,726,286,083

There were no new stapled securities issued during the year (2010: nil). 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.

At 30 June 2011, 93,205,625 options were excluded from the diluted weighted average number of ordinary stapled securities calculation as their effect would have been anti-dilutive.

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

	Consolidated	
(e) Net tangible assets per stapled security	**2011**	2010
Net tangible assets per stapled security – cents (i)	**3.07**	3.07
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.

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11 Current assets – Cash and cash equivalents

	Consolidated 2011 $'000	2010 $'000
Cash at bank and in hand	**7,075**	11,444
Short-term deposits	**23,850**	8,484
Balances per statement of cash flows	**30,925**	19,928

(a) Cash at bank and on hand

During the year, cash at bank earned an average interest rate of between 0.1% and 3.75% (2010: 0.1% and 4.7%).

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 3.

12 Current assets – Trade and other receivables

Trade receivables	**1,943**	2,313
Provision for doubtful receivables	**(182)**	(400)
Sundry receivables	**2,372**	1,014
	4,133	2,927
The ageing of these receivables is as follows		
0 to 3 months	**3,630**	2,287
3 to 6 months	**96**	416
Over 6 months	**589**	624
	4,315	3,327

(a) Impaired trade receivables

As at 30 June 2011, a provision of $182,000 (2010: $400,000) has been raised against external receivables. Movements in the provision for impairment of receivables are as follows:

At 1 July	**400**	573
Provision for impairment recognised during the year	**22**	213
Receivables written off during the year as uncollectible	**(131)**	(377)
Unused amount reversed	**(109)**	(9)
At 30 June	**182**	400

As of 30 June 2011, trade receivables and sundry receivables past due but not impaired were $503,000 (2010: $692,000).

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13 Current assets – Inventories

	Consolidated	
	2011 $'000	2010 $'000
Finished goods - at cost	**3,784**	4,159
Land held for resale	**3,566**	4,853
	7,350	9,012

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	**1,937**	2,341
Other	**12**	47
	1,949	2,388

15 Non-current assets – Investment properties

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

(a) Valuation basis

Investment properties comprise a number of retail properties at Mooloolaba Wharf $5.077 million and commercial properties at Falls Creek and Hotham alpine 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 2011 and determined that there has been no material movement in fair value consequently, no valuation adjustment is recorded.

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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 2010 balances	**91,915**	**73,673**	**61,285**	**233**	**227,106**
Additions	**34**	**4,432**	**30**	**3,427**	**7,923**
Disposals	**(1,522)**	**(289)**	**-**	**(252)**	**(2,063)**
Transfers	**15**	**1,697**	**-**	**(1,712)**	**-**
Exchange differences	**(4,668)**	**(2,476)**	**(46)**	**(75)**	**(7,265)**
Depreciation	**(5,332)**	**(9,264)**	**(1,443)**	**-**	**(16,039)**
30 June 2011 balances	**80,442**	**67,773**	**59,826**	**1,621**	**209,662**
At 30 June 2011					
Cost or fair value	**94,297**	**95,637**	**64,867**	**1,621**	**256,422**
Accumulated depreciation	**(13,855)**	**(27,864)**	**(5,041)**	**-**	**(46,760)**
Net carrying amount	**80,442**	**67,773**	**59,826**	**1,621**	**209,662**
1 July 2009 balances	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 1 July 2009					
Cost or fair value	102,248	80,671	67,564	1,138	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
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

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, 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 directors have reviewed the fair value of property, plant and equipment as at 30 June 2011 and determined that there has been no material movement in fair value consequently, no valuation adjustment is recorded.

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16 Non-current assets – Property, plant and equipment (continued)

(a) Finance leased plant and equipment

Included in the above net book values are $0.543 million (2010: $1.007 million) of assets held under finance leases which are disclosed at written down value.

17 Non-current assets – Intangible assets

Consolidated	Goodwill $'000	Crown Leases $'000	Other intangible assets $'000	Total $'000
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
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
Year ended 30 June 2011				
Opening net book amount	**58,552**	**14,763**	**237**	**73,552**
Additions - acquisitions	**-**	**-**	**12**	**12**
Amortisation charge	**-**	**-**	**(65)**	**(65)**
Closing net book amount	**58,552**	**14,763**	**184**	**73,499**
At 30 June 2011				
Cost	**98,367**	**14,763**	**1,063**	**114,193**
Accumulated amortisation and impairment	**(39,815)**	**-**	**(879)**	**(40,694)**
Net book amount	**58,552**	**14,763**	**184**	**73,499**

Amortisation of $0.065 million (2010: $0.040 million) is included in depreciation and amortisation expense in the profit or loss.

Crown Leases attribute to the Ski CGU and represent two key leases issued by the Governor of Victoria:

- 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 intangible assets represents software.

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17 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 allocation of intangible assets with indefinite lives is presented below.

	Skifields $'000	Aquariums $'000	Treetop Adventures $'000	Total $'000
2011				
Acquired goodwill	**-**	**44,346**	**14,206**	**58,552**
Crown leases	**14,763**	**-**	**-**	**14,763**
	14,763	**44,346**	**14,206**	**73,315**
2010				
Acquired goodwill	-	44,346	14,206	58,552
Crown leases	14,763	-	-	14,763
	14,763	44,346	14,206	73,315

(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 Skifields 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 2011/12 were based on the budget approved by the Board. Free cash flow projections for a four year period beyond 2012 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 and capital expenditure requirements.

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 used in the budget assessment.

- AUD/CNY 6.96 (2010: 6.32)
- AUD/KRW 1,159.40 (2010: 1,031.83)
- AUD/THB 31.57 (2010: 29.79)

Discount rates – Discount rates reflect 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.

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17 Non-current assets – Intangible assets (continued)

(b) Key assumptions used for value in use calculations (continued)

In performing these calculations, the Group has applied the following rates, by segment as follows:

	Adjusted pre-tax weighted average cost of capital*		Growth rate**	
	2011 %	2010 %	**2011 %**	2010 %
Skifields	**13.0**	12.6	**2.8**	4.1
Australian Treetop Adventures	**13.5**	13.3	**2.9**	1.8
Oceanis				
• Australia	**13.1**	11.7	**3.3**	5.5
• China	**13.1**	11.2	**3.7**	1.5
• Thailand	**13.9**	13.2	**3.1**	3.1
• Korea	**13.4**	12.0	**2.9**	3.0

* The Group has applied a pre-tax weighted average cost of capital adjusted for the risks associated with each segment and each country of operation.

** 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 3.0% to 4.0% (2010: 2.8% to 7.0%). These growth rates are consistent with a conservative estimate of the future economic growth rate of the relevant economic/business environment.

(c) Impairment

2011 Financial year

No impairment adjustment has been required for any operating segment as at 30 June 2011.

2010 Financial year

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

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 13% to 17% (2010: 11% to 14%) 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.

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18 Non-current assets – Other non-current assets

	Consolidated 2011 $'000	2010 $'000
Prepayments	**419**	496
Deferred expenditure	**500**	764
Other	**1**	80
	920	1,340

19 Current liabilities – Trade and other payables

Trade payables and accruals	**14,911**	18,726
Refundable deposits, bonds and vouchers	**2,257**	3,056
Other payables	**5,146**	1,912
	22,314	23,694

20 Current liabilities – Provisions

Provision for employee benefits – Annual Leave	**1,665**	1,740
Provision for employee benefits – LSL Leave	**814**	764
	2,479	2,504

21 Non-current liabilities – Provisions

Provisions for employee benefits – LSL Leave	**1,495**	1,375
Make good provisions	**271**	271
	1,766	1,646

(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**	271
Arising during the year	**-**	-
Utilised	**-**	-
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.

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22 Current liabilities – Deferred income

	Consolidated	
	2011 **$'000**	2010 $'000
Advance ticket passes	**3,671**	3,716
Sponsorship income	**53**	54
Advance rental	**811**	237
	4,535	4,007

23 Derivative financial instruments

Current liabilities		
Interest rate swap contracts	**107**	256
Foreign currency contracts	**11**	-
	118	256

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

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; $45.800 million at balance date ($47.500 million at 30 June 2010).

The interest rate swap is from October 2010 to October 2013. The swap is measured at fair value and all gains and losses are taken directly into profit and loss.

Forward currency contracts – cash flow hedges

On occasion the Group uses forward currency contracts to protect against exchange rate movements in the purchase of capital or inventory items from overseas suppliers. These contracts hedge specific purchases and are timed to mature when the payments are to be made. The cash flows will occur over the next four months when the payments for the associated assets are completed.

	Notional Amounts			
	AUD		Average exchange rate	
	2011 **$'000**	2010 $'000	**2011**	2010
Buy Euro / sell Australian $				
Buy Euro maturity 1-4 months	**396**	-	**0.7040**	-

The forward currency contracts are considered to be highly effective hedges as they are matched against contracted payments for fixed assets and any gain or loss on the contracts attributable to the hedged risk is taken directly to equity. When the fixed asset payments are made the amount recognised in equity is adjusted to the fixed asset account in the statement of financial position.

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24 Interest bearing loans and borrowings

	Notes	Consolidated 2011 $'000	2010 $'000
Current			
Secured			
Bank loans		**3,750**	3,750
Lease liabilities	39	**111**	410
Total secured current borrowings		**3,861**	4,160
Unsecured			
Loans from related parties	32(g)	**15**	133
Vendor finance		**642**	611
Total unsecured current borrowings		**657**	744
Total current borrowings		**4,518**	4,904
Non-current			
Secured			
Lease liabilities	39	**47**	131
Bank loans		**128,951**	130,798
Total secured non-current borrowings		**128,998**	130,929
Unsecured			
Vendor finance		**674**	1,316
Total unsecured non-current borrowings		**674**	1,316
Total non-current borrowings		**129,672**	132,245
Total Borrowings		**134,190**	137,149

(a) Fair values

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values of non-current borrowings are based on cash flows discounted using borrowing rates varying from 4.9% to 11.9%, depending on the type of borrowing (2010: 4.7% to 13.2%).

The fair value of non-current borrowings equals their carrying amount.

(b) Total secured liabilities

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

Bank loans		**132,701**	134,548
Lease liabilities	39	**158**	541
Total secured liabilities		**132,859**	135,089

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24 Interest bearing loans and borrowings (continued)

(c) Interest rate, foreign exchange and liquidity risk

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

(d) Financing arrangements

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

	Consolidated	
Financing arrangements	**2011 $'000**	2010 $'000
Total facilities		
Term facility	**132,701**	134,548
Finance leases and guarantees	**2,858**	2,700
Unsecured borrowings	**1,331**	2,060
	136,890	139,308
Used at balance date		
Term facility	**132,701**	134,548
Finance leases	**158**	541
Guarantees	**408**	408
Unsecured borrowings	**1,331**	2,060
	134,598	137,557
Unused at balance date		
Term facility	**-**	-
Finance leases and guarantees	**2,292**	1,751
Unsecured borrowings	**-**	-
	2,292	1,751

Secured senior facility

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

(e) Defaults and breaches

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

(f) 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.

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24 Interest bearing loans and borrowings (continued)

(f) Assets pledged as security (continued)

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000
Cash and cash equivalents	11	**30,925**	19,928
Receivables	12	**4,133**	2,927
Freehold land and buildings	16	**80,442**	91,915
Investment properties	15	**7,127**	7,127
Leasehold improvements	16	**59,826**	61,285
Plant and equipment	16	**67,773**	73,673
Plant and equipment – work in progress	16	**1,621**	233
Total assets pledged as security		**251,847**	257,088

25 Non-current liabilities – Deferred income

	2011	2010
Advance rental	**5,659**	6,577
Advance ticket passes	**1,895**	2,260
	7,554	8,837

26 Contributed equity / securityholders' funds

(a) Stapled Securities

Group	Consolidated and Parent entity 2011 Stapled securities (in units)	Consolidated and Parent entity 2010 Stapled securities (in units)	Consolidated and Parent entity 2011 $'000	Consolidated and Parent entity 2010 $'000
Stapled securities on issue	**2,726,286,083**	2,726,286,083	**280,993**	280,993
Stapled security issue costs			**(19,418)**	(19,418)
Contributed equity / unitholders' funds – Trust			**261,575**	261,575
Contributed equity / shareholders' 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

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26 Contributed equity / securityholders' funds (continued)

(b) Movements in contributed equity / securityholder's funds:

Date	Details	Number of stapled securities	Issue price	$'000
1 July 2009	Opening balance	2,726,286,083		280,993
	Movement	-	-	-
30 June 2010	Closing balance	2,726,286,083		280,993
1 July 2010	**Opening balance**	**2,726,286,083**		**280,993**
	Movement	-	-	-
30 June 2011	**Closing balance**	**2,726,286,083**		**280,993**

(c) Distribution reinvestment plan

The Group has established a distribution reinvestment plan ("DRP") under which stapled securityholders 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 securityholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain security or adjust the capital securities structure, the Group may adjust the amount of dividend or distribution paid to securityholders, return capital to securityholders, 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 in companies with industry norms. 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.

		Consolidated	
	Notes	**2011 $'000**	2010 $'000
Total borrowings	24	**134,190**	137,149
Less: cash and cash equivalents	11	**(30,925)**	(19,928)
Net debt		**103,265**	117,221
Total equity		**157,078**	157,326
Total capital		**260,343**	274,547
Gearing ratio		**39.7%**	42.7%

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

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27 Retained profits and reserves

(a) Retained profits / (accumulated losses)

	Notes	Consolidated 2011 $'000	2010 $'000
Movements in retained profits / accumulated losses were as follows:			
Balance 1 July		**(97,924)**	(95,143)
Distributions		**-**	-
Profit / (loss) for the year		**5,896**	(2,781)
Balance June 30		**(92,028)**	(97,924)
Being			
Trust		**(10,540)**	(13,123)
Company		**(81,488)**	(84,801)
		(92,028)	(97,924)

(b) Reserves

	Notes	2011 $'000	2010 $'000
Employee benefits reserve		**174**	-
Asset revaluation reserve		**1,190**	1,190
Foreign currency translation reserve		**(17,460)**	(11,138)
		(16,096)	(9,948)
Being			
Trust		**10,897**	12,405
Company		**(26,993)**	(22,353)
		(16,096)	(9,948)
Movements:			
Employee benefits reserve			
Balance 1 July		**-**	-
Movement	34(a)	**174**	-
Balance 30 June		**174**	-
Asset revaluation reserve			
Balance 1 July		**1,190**	1,190
Movement		**-**	-
Balance 30 June		**1,190**	1,190
Foreign currency translation reserve			
Balance 1 July		**(11,138)**	(10,466)
Currency translation differences arising during the year		**(6,322)**	(672)
Balance 30 June		**(17,460)**	(11,138)

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27 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(m). 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.

28 Non-controlling interest

	Consolidated	
	2011 $'000	2010 $'000
Net assets attributable to other non-controlling interests	**946**	942
	946	942

29 Reconciliation of profit / (loss) after income tax to net cash inflow from operating activities

Profit / (loss) for the year	**5,900**	(2,759)
Depreciation and amortisation	**16,104**	17,165
Joint venture profit not received as cash	**-**	(5,742)
Loss on disposal of fixed assets	**12**	74
Share based payments expense	**174**	-
Change in operating assets and liabilities:		
(Increase) decrease in trade debtors	**(893)**	(149)
(Increase) decrease in inventories	**1,601**	147
(Increase) decrease in other operating assets	**(269)**	841
(Decrease) increase in trade creditors	**(2,106)**	(2,884)
(Decrease) increase in other operating liabilities	**1,377**	3,056
(Decrease) increase in deferred tax liabilities	**(2,975)**	2,402
Net cash inflow from operating activities	**18,925**	12,151

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30 Dividends and distributions

(a) Stapled securities

	Consolidated	
	2011 $'000	2010 $'000
There was no interim or final distribution for the year ended 30 June 2011 (2010: 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 2011 (2010: nil).	**-**	-
Total distribution proposed and paid.	**-**	-

No distribution was paid or declared by the Company during the year (2010: nil)

31 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 charges interest on loans provided to the Company.

32 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 unitholders, 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 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
Steve Graham Howes
Glenn Kevin Wein (Resigned 22 August 2011)
Brett David Chenoweth (Resigned 27 October 2010)

(c) Subsidiaries

Interests in subsidiaries are set out in note 36.

(d) Interests held by related parties

Living and Leisure Australia Management Limited held no stapled securities at 30 June 2011 (2010: nil) and no options at 30 June 2011 (2010: nil).

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32 Related party transactions (continued)

(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.

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

	Consolidated	
	2011 $'000	2010 $'000
Base fee	**793**	745
	793	745

(f) Key management personnel

Disclosures relating to key management personnel are set out in note 33.

(g) Loans to/from related parties

Loans from Responsible Entity		
Beginning of year	**133**	441
Loans advanced	**793**	745
Loans repayments and other non-cash transactions	**(911)**	(1,053)
End of year	**15**	133

33 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 were:

(i) Non-executive Chair

Julanne Mary Shearer

(ii) Non-executive directors

Bruce Sinclair McComish
Steve Graham Howes
Glenn Kevin Wein (Resigned 22 August 2011)
Brett David Chenoweth (Resigned 27 October 2010)

Michael Johnston and Guy Jalland were appointed as directors of the Company and the Responsible Entity on 23 August 2011. Michael Johnston and Guy Jalland were not directors during the financial year ended 30 June 2011, and therefore no details are recorded in this Note.

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33 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
Geoffrey Olson	Group General Manager, Oceanis Group	Oceanis Australia Pty Ltd
Kevin Lehman	Group General Manager, Oceanis Group (Retired 21 July 2010)	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 and Australian Treetop Adventures	Australian Alpine Enterprises Pty Ltd

(c) Compensation of key management personnel

	Consolidated	
	2011 $'000	2010 $'000
Short-term employee benefits	**1,673,675**	1,686,837
Post employment benefits	**90,683**	98,507
Long-term employment benefits	**52,026**	14,532
Security-based payment	**138,014**	-
	1,954,398	1,799,876

Detailed remuneration disclosures are shown in the Directors' report. The relevant information can be found in the Remuneration Report.

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33 Key management personnel disclosures (continued)

(d) Option holdings of key management personnel

(i) Options provided as remuneration

2011 Name	Balance at start of period 1 July 10	Granted as remuneration	Options exercised	Net change other	Balance at end of period 30 June 11	Vested at 30 June 2011 Total	Exercisable	Not exercisable
Directors								
Julanne Shearer	-	-	-	-	-	-	-	-
Bruce McComish	-	-	-	-	-	-	-	-
Glenn Wein	-	-	-	-	-	-	-	-
Steve Howes	-	-	-	-	-	-	-	-
Brett Chenoweth*	-	-	-	-	-	-	-	-
Executives								
John Schryver	-	37,500,000	-	-	37,500,000	-	-	-
Donovan Newton	-	13,223,000	-	-	13,223,000	-	-	-
Geoffrey Olson	-	13,250,000	-	-	13,250,000	-	-	-
Peter King	-	5,304,500	-	-	5,304,500	-	-	-
Helen Moran	-	4,665,254	-	-	4,665,254	-	-	-

* Resigned during the financial year

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33 Key management personnel disclosures (continued)

(e) Equity instrument disclosures relating to key management personnel

(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.

2011	Balance at the start of year	Acquired during the year	Other changes during the year	Balance at the end of year
Directors				
Julanne Shearer	675,000	-	-	675,000
Bruce McComish	224,625	-	-	224,625
Glenn Wein	-	-	-	-
Steve Howes	-	-	-	-
Brett Chenoweth *	-	-	-	-
Other key management personnel				
John Schryver	85,000	1,759,209	-	1,844,209
Donovan Newton	-	1,100,000	-	1,100,000
Geoffrey Olson	-	2,211,705	-	2,211,705
Kevin Lehmann*	27,895	-	(27,895)	-
Peter King	-	823,787	-	823,787
Helen Moran	-	550,000	-	550,000
2010				
Directors				
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				
John Schryver	85,000	-	-	85,000
Donovan Newton	-	-	-	-
Kevin Lehmann	27,895	-	-	27,895
Peter King	-	-	-	-
Helen Moran	-	-	-	-

*Resigned during the financial year

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34 Security-based payments

(a) Recognised security-based payment expenses

The expense recognised for employee services during the year is shown in the table below:

	Consolidated	
	2011 $'000	2010 $'000
Expense arising from equity-settled security-based payment transactions	**174**	-
Total expense arising from security-based payment transactions	**174**	-

The security-based payment plan is described below.

There have been no cancellations or modifications to the Option Plan since it was established in July 2010.

(b) Description of the security-based payment arrangements

The Group established the Living and Leisure Australia Option Plan as part of the Senior Management Incentive Scheme. The Option Plan provides that the Group may at the discretion of the Board, grant options over stapled securities of the Group to Executives of the Group. The Option Plan is designed to provide longer-term incentives for Senior Management to deliver long-term shareholder returns. Under the Option Plan participants are granted options which only vest if certain performance standards are met.

There are no voting or dividend rights attached to the options and the options are settled by physical delivery of the stapled securities. The options, issued for nil consideration, are granted in accordance with performance guidelines established by the Board. A fair value of these options is assessed at grant date based on a binomial option pricing model in accordance with AASB 2 Share based Payments. The options vest and expire at dates set out in the terms of the grant. The options cannot be transferred and are not quoted on the ASX.

There are no cash settlement alternatives. When exercised, each option is converted into one stapled security.

When a participant ceases employment prior to the vesting of their options, the options are forfeited. In the event of a change of control the options will be dealt with in a reasonable manner at the discretion of the Board.

(c) Summary of options granted under the Option Plan

The number and weighted average exercise price of incentive security options is as follows.

	2011		2010	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at beginning of the period	**-**	**-**	-	-
Granted 31 July 2010	**101,966,500**	**$0.04**	-	-
Expired / forfeited during the period	**8,760,875**	**$0.04**	-	-
Exercised during the period	**-**	**-**	-	-
Balance at end of the period	**93,205,625**	**$0.04**	-	-
Options vested and exercisable at period end	**-**	**-**	-	-

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34 Security-based payments (continued)

(c) Summary of options granted under the Option Plan (continued)

The weighted average remaining contractual life for the options outstanding at 30 June 2011 is 2.33 years (2010: nil years).

The weighted average fair value of options granted during the year was $0.00493 (2010: nil).

The exercise price for all options outstanding at the end of the year was $0.04 (2010: nil).

No executive options were exercised during the period.

(d) Fair value of options granted

The fair value of services received in return for incentive share options at the date of grant are measured by reference to the fair value of the security options granted. The estimate of the fair value of the security options granted is measured based on the binomial option pricing model taking into account the terms and conditions upon which the options were granted. The contractual life of the incentive security option is used as input into this model. Expectations of early exercise are incorporated into the binomial option pricing model.

The fair value of security options and assumptions are outlined below.

	Security Option Programme					
	A	**B**	**C**	**D**	**E**	**F**
Option grant date	**30 July 2010**	**30 July 2010**	**30 July 2010**	**30 July 2010**	**30 July 2010**	**30 July 2010**
Fair value at measurement date	$0.0047	$0.0048	$0.0048	$0.0053	$0.0051	$0.0049
Security price	$0.018	$0.018	$0.018	$0.018	$0.018	$0.018
Exercise price	$0.04	$0.04	$0.04	$0.04	$0.04	$0.04
Hurdle security price	$0.06	$0.07	$0.08	$0.06	$0.07	$0.08
Exercise period start	30 July 2012	30 July 2012	30 July 2012	30 July 2013	30 July 2013	30 July 2013
Expiry date	30 Oct. 2013	30 Oct. 2013	30 Oct. 2013	30 Oct. 2013	30 Oct. 2013	30 Oct. 2013
Option life in years[2]	3.25	3.25	3.25	3.25	3.25	3.25
Expected volatility[1]	70%	70%	70%	70%	70%	70%
Expected distributions	0%	0%	0%	0%	0%	0%
Risk-free interest rate[3]	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%

Notes
1. The expected volatility is based on historic volatility, adjusted for any expected changes to future volatility due to publicly available information.
2. Expressed as weighted average life used in the modelling under the binomial option pricing model.
3. Based on national government bond rates.

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35 Parent Entity Information

As at, and throughout the financial year ended 30 June 2011 the Parent Entity of the Group was Living and Leisure Australia Trust ("Trust").

Information relating to the Parent Entity.

	2011 $'000	2010 $'000
Current assets	**24,832**	7,574
Total assets	**239,632**	240,675
Total liabilities	**(142,978)**	(140,034)
Net assets	**96,654**	100,641
Contributed equity	**261,575**	261,575
Reserves	**174**	-
Retained earnings	**(165,095)**	(160,934)
Total equity attributable to unitholders	**96,654**	100,641
Profit or loss of the parent entity	**(4,161)**	(12,606)
Other comprehensive income of the parent entity	**-**	-
Total comprehensive income of the parent entity	**(4,161)**	(12,606)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity, the Trust, has given an undertaking for the continued financial support of the Company (Living and Leisure Australia Limited) and its controlled entities.

The Company 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 37.

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.

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36 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)* 2011 %	2010 %
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 Reservations Centre Pty Ltd	Australia	a	100	100
Bale Mount 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
Gebi Falls Creek Pty Ltd	Australia		64	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
LLA Finance Trust	Australia		100	100
Melbourne Underwater World Pty Ltd	Australia	a	100	100
Melbourne Underwater World Trust	Australia	a	100	100
MHSC DP Pty Ltd	Australia	a	100	100
MHSC Hotels Pty Ltd	Australia	a	100	100
MHSC Properties Pty Ltd	Australia	a	100	100
MHSC Transportation Services Pty Ltd	Australia	a	100	100
Mount Hotham Management & Reservation Pty Ltd	Australia	a	100	100
Mount 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
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 37.

b The proportion of ownership interest is equal to the proportion of voting power held.

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37 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 36 are relieved from the *Corporations Act 2001* requirements for the preparation, audit and lodgement of their financial reports and Directors' reports.

As a condition of the Class Order, the entities listed and denoted by "a" in note 36 ("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'.

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising all entities that are members of the Closed Group, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2011 are as follows:

(a) Closed Group – Consolidated statement of comprehensive income and retained earnings

Income statement	2011 $'000	2010 $'000
Revenue from continuing operations	**89,728**	85,864
Cost of goods sold	**(7,633)**	(6,999)
Gross profit	**82,095**	78,865
Other income	**3,424**	1,100
Operating expenses	**(86,131)**	(78,562)
Finance (costs) / income	**(11,682)**	15
Loss / (profit) before income tax	**(12,294)**	1,418
Income tax expense	**2,764**	(2,220)
Net loss for the period	**(9,530)**	(802)
Other comprehensive income	**-**	177
Total comprehensive income for the period net of tax	**(9,530)**	(625)
Net loss for the period attributable to shareholders	**(9,534)**	(824)
Net profit for the period attributable to non-controlling interest	**4**	22
Net loss for the period	**(9,530)**	(802)
Net loss for the period attributable to shareholders	**(9,534)**	(824)
Accumulated losses at the beginning of the financial year	**(38,249)**	(37,477)
Accumulated losses at the end of the financial year	**(47,783)**	(38,301)

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37 Deed of cross guarantee (continued)

(b) Closed Group – Consolidated statement of financial position

Assets	2011 $'000	2010 $'000
Current assets		
Cash and cash equivalents	**4,427**	8,643
Trade and other receivables	**3,757**	59,585
Inventories	**6,885**	8,439
Other current assets	**1,433**	1,266
Total current assets	**16,502**	77,933
Non-current assets		
Property, plant and equipment	**82,892**	88,103
Intangible assets	**73,106**	73,159
Other non-current assets	**26,150**	53,408
Total non-current assets	**182,148**	214,670
Total assets	**198,650**	292,603
Liabilities		
Current liabilities		
Trade and other payables	**12,154**	13,432
Borrowings	**753**	946
Deferred income	**3,723**	3,160
Provisions	**2,014**	2,322
Income tax payable	**465**	-
Total current liabilities	**19,109**	19,860
Non-current liabilities		
Borrowings	**235,805**	315,753
Deferred income	**5,951**	6,630
Provisions	**4,560**	7,423
Total non-current liabilities	**246,316**	329,806
Total liabilities	**265,425**	349,666
Net assets	**(66,775)**	(57,063)
Equity		
Contributed equity	**2,681**	2,681
Reserves	**(22,619)**	(22,385)
Accumulated losses	**(47,783)**	(38,301)
Non controlling interest	**946**	942
Total equity	**(66,775)**	(57,063)

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38 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 Victorian State Revenue Office regarding an assessment as land rich which is currently under review.

In the normal course of operations, the Group is party to certain lawsuits, claims and contingencies. Accruals are made in instances where it is probable that liabilities have been incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in instances for which no accrual have been made, the Group does not believe that the ultimate outcome of these matters will have a material impact on its consolidated financial position.

(b) Financial facilities

The consolidated entity has provided financial facilities as per below:

(i)	Bank guarantees	$407,794 (2010: $407,794)
(ii)	Letter of credit	nil (2010: nil)

The Group does not expect these bank guarantees to be called on.

39 Commitments

(a) Capital commitments

	Consolidated	
	2011 $'000	2010 $'000
General		
Within one year	**254**	762
Later than one year but not later than five years	**-**	-
Later than five years	**-**	-
	254	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.

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39 Commitments (continued)

(b) Lease commitments (continued)

(i) Operating leases (continued)

	Consolidated 2011 $'000	2010 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**4,472**	4,193
Later than one year but not later than five years	**16,644**	15,570
Later than five years	**38,772**	45,134
Commitments not recognised in the financial statements	**59,888**	64,897

(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 2011 $'000	2010 $'000
Commitments in relation to finance leases are payable as follows:			
Within one year		**119**	447
Later than one year but not later than five years		**49**	131
Later than five years		**-**	-
Minimum lease payments		**168**	578
Future finance charges		**(10)**	(37)
Recognised as a liability		**158**	541
Lease incentives on non-cancellable operating leases included in lease liabilities		**-**	-
Total lease liabilities		**158**	541
Representing lease liabilities:			
Current	24	**111**	410
Non-current	24	**47**	131
	24	**158**	541

The weighted average interest rate implicit in the leases is 8.19% (2010: 8.57%).

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40 Events occurring after the statement of financial position date

No 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.

41 Remuneration of auditors

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

	Consolidated	
	2011	2010
	$	$
Audit services		
Ernst & Young Australia		
Audit and review of financial reports	**559,044**	542,282
Total remuneration for audit services	**559,044**	542,282
Other assurance services		
Ernst & Young Australia		
Audit and review of financial reports	**1,500**	1,500
Total remuneration for other assurance services	**1,500**	1,500
Other services		
Ernst & Young Australia		
Taxation services	**46,800**	-
	46,800	-
Total remuneration for assurance services	**607,344**	543,782

Directors' declaration

Directors' declaration

1. In the opinion of the directors of the Living and Leisure Australia Trust:

(a) the consolidated financial statements and notes set out on pages 56 to 123 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001; and

  (ii) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and

(c) 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

(d) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 36 will be able to meet any obligations or liabilities to which they are, or may become subject to by virtue of the deed of cross guarantee described in note 37.

2. 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*.

3. This declaration is made in accordance with a resolution of the directors.

Julanne Shearer

Julanne Mary Shearer
Chair
25 August 2011

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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 consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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, the auditor considers 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 complied with 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.

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ERNST & YOUNG

Opinion

In our opinion:

a. 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 as at 30 June 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 36 to 45 of the directors' report for the year ended 30 June 2011. 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.

Opinion

In our opinion, the Remuneration Report of Living and Leisure Australia Group for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

David McGregor
Partner
Melbourne
25 August 2011

Securityholder information

For the year ended 30 June 2011

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The securityholder information set out below was applicable as at 23 August 2011.

A Number of holders of equity securities

Stapled securities

2,726,286,083 fully paid stapled securities are held by 1,856 securityholders.

Unquoted options

93,205,625 employee options are held by 9 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 securityholders by size of holding:

			Total securityholders	Units	Percentage of issued capital
1	-	1,000	197	99,669	0.00
1,001	-	5,000	341	1,073,013	0.04
5,001	-	10,000	273	2,252,415	0.08
10,001	-	100,000	725	28,656,098	1.05
100,001		and over	320	2,694,204,888	98.83
Total			**1,856**	**2,726,286,083**	**100.00**

Holdings of non-marketable parcels

At 23 August 2011, there were 1,080 securityholders with less than a marketable parcel of LLA securities (namely 22,728 securities).

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B Stapled securityholders

Twenty largest quoted stapled securityholders

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 (Rejesh Haridas S/F A/c)	21,000,000	0.77
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
Miss Neetha Kooverjee	11,000,000	0.40
JP Morgan Nominees Australia Limited	8,650,001	0.32
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	5,298,770	0.19
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 Ronald James Goodlad	3,091,500	0.11
Mr David Segal	3,060,000	0.11
	2,576,039,038	**94.48**

LLA is not currently undertaking any on-market buy back of stapled securities.

C Substantial holders

Substantial stapled securityholders 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

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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:

a) Stapled securities

On a show of hands every securityholder 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.

b) Unquoted options

No voting rights.

Corporate directory

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Aquariums

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Australia

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Australia

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Email melb_aquarium@melbourneaquarium.com.au
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UnderWater World
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Mt Hotham Victoria 3741
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Falls Creek
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Email fcadmin@fallscreek.net
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Australian Treetop Adventures

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New South Wales 2577
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Email manager@illawarrafly.com
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Corporate directory

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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

Steve Howes
Independent Non-executive Director

Guy Jalland
Non-executive Director

Michael Johnston
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, Australian Treetop Adventures

Registry

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Notes

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