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

LLA HALF YEAR REPORT AND ACCOUNTS

Please find attached interim report and financial results for the half year ended 31 December 2011 of Living and Leisure Australia Group.

Donovan Newton
Company Secretary
Living and Leisure Australia Management Ltd
20 February 2012

Enquiries, please contact 03-8630 5500 or mail@livingandleisure.com.au

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

Interim financial report
Half-year ended 31 December 2011

Living and Leisure Australia Group

Interim financial report
for half-year ended 31 December 2011

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Living and Leisure Australia Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Living and Leisure Australia Group

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

APPENDIX 4D

Results for announcement to the market

For the year half-year ended 31 December 2011

Consolidated entity results	**Half-year Ended 31 December 2011 $'000**	**Half-year Ended 31 December 2010 $'000**	**Change from previous reporting period $'000**	**Change from previous reporting period %**
Revenue from continuing activities	81,010	84,418	(3,408)	(4.0)%
Profit / (loss) from continuing activities before tax	(19,298)	15,842	(35,140)	(221.8%)
Profit / (loss) from continuing activities after tax	(21,391)	15,581	(36,972)	(237.3%)

Distributions	**Amount per security Cents**	Franked amount per security Cents
The Board has determined that no interim distribution will be made.	**-**	-
(No distribution was made in the previous year).		

Net Tangible Asset Backing	**31 December 2011 $**	31 December 2010 $
Net tangible asset backing per stapled security	**0.033**	0.034

This preliminary final report is provided to the ASX under Listing Rule 4.3A

The information contained in this Appendix D and Half-year Report should be read in conjunction with the Annual Report for the year ended 30 June 2011.

APPENDIX 4D *continued*

Explanation of profit from continuing activities

Explanation of Revenue and Profit / (loss)	**Half-year ended 31 December**			
	Revenue		**Net profit / (loss)**	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Ski fields	**42,283**	45,592	**18,737**	21,279
Aquariums	**35,697**	35,623	**9,878**	10,108
Treetops walks	**1,830**	1,801	**497**	406
Property	**-**	390	**(156)**	296
Other	**100**	100	**(5,148)**	(2,940)
Interest income	**1,100**	912	**1,100**	912
Depreciation and amortisation			**(7,614)**	(7,750)
Impairment – goodwill and crown lease			**(28,969)**	-
Revaluation adjustment			**(314)**	-
Finance costs			**(7,309)**	(6,469)
Income tax			**(2,093)**	(261)
	81,010	84,418	**(21,391)**	15,581

Debt facilities

There were no changes in the structure of the Group's debt in the half-year period.

Details of controlled entities

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

Review opinion

The attached financial report for the half-year ended 31 December 2011 forms part of this document. This half-year report is to be read in conjunction with the Living and Leisure Australia Group 2011 Annual Financial Report and the notes contained within.

The unqualified review opinion on the half-year financial report, by the auditors Ernst & Young, is attached to this document and highlights no areas of dispute.

Directors' report

The directors of Living and Leisure Australia Management Limited, the Responsible Entity for the Living and Leisure Australia Trust (the "Trust") (ARSN 092 701 589) and Living and Leisure Australia Limited (the "Company" or "LLA") (ABN 107 863 445) present their report for the half-year ended 31 December 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 (the "Group"). The shares and units cannot be traded or dealt with separately. The stapled securities are listed on the Australian Stock Exchange ("ASX"), under the code LLA.

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 names of the directors in office during the half-year and until the date of this report are as set out below. Directors were in office for this entire period unless otherwise stated.

Julanne Shearer	Independent Non-Executive Chair	
Bruce McComish	Independent Non-Executive Deputy Chair	Resigned 10 February 2012
Steve Howes	Independent Non-Executive Director	
Glenn Wein	Non-Executive Director	Resigned 22 August 2011
Michael Johnston	Non-Executive Director	Appointed 23 August 2011
		Resigned 10 February 2012
Guy Jalland	Non-Executive Director	Appointed 23 August 2011
		Resigned 10 February 2012
Joe Dische	Independent Non-Executive Director	Appointed 5 September 2011
		Resigned 10 February 2012
Edward Fuller	Director	Appointed 10 February 2012
James Squirrell	Director	Appointed 10 February 2012
Colin Armstrong	Director	Appointed 10 February 2012

Principal activities

During the half-year the principal continuing activities of the Group consisted of:

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

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

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

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

Review of operations

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

	Segment revenues		**Segment profit / (loss)**	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Ski fields	**42,283**	45,592	**18,737**	21,279
Oceanis Aquariums	**35,697**	35,623	**9,878**	10,108
Treetop walks	**1,830**	1,801	**497**	406
Property	**-**	390	**(156)**	296
Other	**100**	100	**(5,148)**	(2,940)
Total continuing operations	**79,910**	83,506	**23,808**	29,149
Impairment charge – goodwill and crown leases			**(28,969)**	-
Revaluation adjustment			**(314)**	-
Depreciation and amortisation			**(7,614)**	(7,750)
Net finance costs			**(6,209)**	(5,557)
Income tax (expense)			**(2,093)**	(261)
Profit / (loss) attributable to stapled security holders of Living and Leisure Australia Group			**(21,391)**	15,581

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

(a) Ski fields

The 2011 ski season commenced well with promising natural snowfalls in July. In August and September the levels of natural snowfalls deteriorated and despite the use of the enhanced man-made snow capabilities, the 2011 season suffered as a result. Falls Creek operated for the full season and closed as planned on 2 October 2011, while Hotham closed a week earlier than planned on 25 September 2011.

Skier days for the season were 463 thousand days, a decrease of more than 10% on the prior year, and 6.8% below the average skier days for the last 10 years. The skier days for the total Australian ski industry in 2011 was 5.4% below the average for the last 10 years.

(b) Aquariums

The Oceanis aquarium business has provided consistent results for the Group for the half-year. Oceanis revenues have remained steady relative to the prior comparative despite the Bangkok aquarium being impacted by recent floods in Thailand and the commencement of major capital works at UnderWaterWorld (Mooloolaba). November saw the commencement of capital works at UnderWaterWorld on the main display tank during which time the aquarium continues to operate at discounted pricing. Profit for the segment has decreased by 2.2% relative to the prior comparative period reflecting the impact of these factors.

Admission numbers for Oceanis have increased by 5.8% when compared with the prior comparative period. This increase in visitation and continued tight management of operating costs has also been important in maintaining profit levels.

(c) Treetop Walks

During the period the Treetop Walks business has seen a marginally improved performance despite continued challenging weather conditions over the half-year period. Revenues increased by 1.6% and profit by 22%, noting that in the prior period comparative, the Zipline at the Otway Fly commenced trading in October 2010. The introduction of the Zipline Adventure Tour at the Otway Fly continues to build on improving segment results. Management continues to closely monitor the performance of the segment and continues to examine strategies to generate growth. Further detail is provided at note 6.

(d) Property

During the period no properties were sold from this segment. The non-core property incurs only normal holding costs on an ongoing basis and is not subject to further development activity.

(e) Other

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

(f) Impairment Loss

An impairment charge of $28.969 million was recorded for the half-year. The impairment loss is comprised of $14.206 million charge against Goodwill for the Treetop Adventures CGU and $14.763 million for the Ski Fields in relation to the value recognised for the Crown Leases. Refer to note 6 Impairment charge.

(g) Revaluation adjustment

A downward revaluation adjustment of $0.608 million was recorded against the value of certain non-core properties land and buildings held for resale and non-core properties at Falls Creek and Hotham in response to the recent increase in sales activity in these locations. Refer to note 5.

Takeover bid by Merlin Entertainments (Australia) Pty Ltd

On 19 December 2011, the Boards of Living and Leisure Australia Group (ASX Code: LLA) and Merlin Entertainments (Australia) Pty Limited ("Merlin") announced that they had entered into an Implementation Deed pursuant to which Merlin would make a recommended all cash off-market takeover bid for all of the LLA Stapled Securities on issue.

Merlin is offering 5.14 cents for every 1 LLA Stapled Security on issue.

Merlin's offer follows a review of strategic initiatives conducted by the LLA Boards aimed at reducing the discount between the listed price of LLA Stapled Securities and fair value. A process was undertaken by LLA and the offer by Merlin is the highest value proposition that is realisable by Securityholders that has emerged from that process.

Merlin's offer represents:

- a 157% premium to the closing price of 2.00 cents per Stapled Security on 20 October 2011, being the day prior to the announcement of a review of strategic initiatives by the LLA Boards; and

- a 154% premium to the three-month volume weighted average trading price of 2.02 cents per Stapled Security to 20 October 2011.

On 10 February 2012, Merlin declared to the ASX that its takeover offer for all the stapled securities in the Living and Leisure Australia Group was unconditional.

The announcement confirmed that having acquired relevant interests in more than 90% of LLA securities Merlin is entitled to, and does intend to, proceed to compulsory acquisition of all outstanding LLA securities.

The completion of the takeover will result in the Living and Leisure Australia Group being delisted from the ASX.

Further detail relating to the Merlin takeover can be located on LLA's website www.livingandleisure.com.au.

Activity in the Half-year

Throughout the first half of the 2012 financial year the Group's focus has been optimising the operational performance of each of its core businesses and leveraging the Group's existing assets and resources, in order to maintain a strong cash flow focus.

As highlighted above in the review of operations, despite the challenging trading conditions affecting the results of the segments, the Group has continued to deliver a robust financial performance. This is a direct outcome of initiatives that continue to improve the operational performance of LLA's businesses, a commitment to increasing visitation at key attractions and the Group's strong cost control focus.

Interests of the Responsible Entity and Trust

Neither Living and Leisure Australia Management Limited ("the 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 has sold all of its interest in the issued capital of the Group to Merlin Entertainments (Australia) Pty Ltd. Subject to the successful completion of the sale Arctic Capital Limited holds no stapled securities or 0% of issued capital of the Group.

Responsible Entity's remuneration

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

(a) a base fee of up to 0.2% per annum of the Gross Asset Value of the Trust;
(b) an incentive fee of 2.75% of the distributed income, to a maximum of 3.5% if the distributed amount exceeds 9.25% of net assets; and
(c) an acquisition fee of up to 1% of the purchase price of the asset or property acquired.

There was no incentive fee or acquisition fee paid to the Responsible Entity for the half-year ended 31 December 2011.

The Group does not directly pay the fees or remuneration of any director of the Responsible Entity.

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 11.

Rounding of amounts

The Group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Amounts contained in Directors' Report

The amounts contained within the Directors' Report have not been subject to review or audit.

Distributions

No distribution was paid during the current period. No distribution was made during the previous financial year.

The Board has determined that no interim distribution will be made.

Events occurring after balance sheet date

On 10 February 2012, Merlin Entertainments (Australia) Pty Ltd declared to the ASX that its takeover offer for all the stapled securities in the Living and Leisure Australia Group was unconditional and intends to proceed to compulsory acquire all of the outstanding LLA securities. The takeover on completion will result in the Living and Leisure Australia Group being delisted from the ASX.

As result of the Merlin takeover offer becoming unconditional, LLA has issued irrevocable prepayment notices as required under the terms of the Implementation Deed to its senior and mezzanine lenders that LLA will prepay the whole of each outstanding loan and all other amounts outstanding on the 29 February 2012

The early termination of the interest rate swap will result in a cost of $0.547 million being incurred.

The Group made a payment to UBS and ANZ (exclusive of GST) in relation to the Merlin takeover for an aggregate amount of $3.525 million upon the takeover offer becoming unconditional.

There have been no further matters or circumstances that have arisen since the end of the half-year period that has significantly affected the operations of the Group, the results of those operations, or the state of affairs of the Group.

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

Julanne Shearer

Julanne Mary Shearer
Director
Melbourne
20 February 2012

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

In relation to our review of the financial report of Living and Leisure Australia Group for the half-year ended 31 December 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
20 February 2012

		Consolidated Half-year ended	
		2011	2010
	Notes	**$'000**	$'000
Revenue from continuing operations			
Sale of goods and services		**79,910**	83,506
Interest income	5	**1,100**	912
Revenue		**81,010**	84,418
Cost of goods sold	5	**(4,797)**	(5,399)
Gross profit		**76,213**	79,019
Employee costs		**(24,965)**	(24,278)
Marketing costs		**(4,554)**	(4,788)
Occupancy costs		**(9,784)**	(10,039)
Responsible Entity fees		**(400)**	(392)
Administrative and other costs		**(11,602)**	(9,461)
Impairment charge	6	**(28,969)**	-
Revaluation adjustment	5	**(314)**	-
Interest expense	5	**(6,682)**	(6,645)
Borrowing costs	5	**(90)**	(93)
Interest rate swap income / (expense)	5	**(537)**	269
Depreciation and amortisation expense		**(7,614)**	(7,750)
Profit / (loss) before income tax		**(19,298)**	15,842
Income tax (expense)	8	**(2,093)**	(261)
Profit / (loss) for the half-year		**(21,391)**	15,581
Other comprehensive income			
Foreign currency translation		**(148)**	(6,364)
Other comprehensive income / (loss) for the period, net of tax		**(148)**	(6,364)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD		**(21,539)**	9,217

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

	Notes	Consolidated Half-year ended 2011 $'000	2010 $'000
Profit / (loss) for the period is attributable to:			
Unit holders		**732**	(2,072)
Shareholders		**(22,123)**	17,648
Non-controlling interest		**-**	5
		(21,391)	15,581
Total comprehensive income / (loss) for the period is attributable to:			
Unit holders		**80**	(5,315)
Shareholders		**(21,619)**	14,527
Non-controlling interest		**-**	5
		(21,539)	9,217

		Cents	Cents
Earnings per unit for profit / (loss) from continuing operations			
Per stapled security			
Basic and diluted earnings per security	7	**(0.78)**	0.57
Per unit held			
Basic and diluted earnings per unit	7	**0.03**	(0.08)

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

		Consolidated	
	Notes	**31 December 2011 $'000**	**30 June 2011 $'000**
ASSETS			
Current assets			
Cash and cash equivalents		**41,098**	30,925
Trade and other receivables		**5,424**	4,133
Inventories		**5,786**	7,350
Other current assets		**2,315**	1,949
Total current assets		**54,623**	44,357
Non-current assets			
Investment properties		**7,127**	7,127
Property, plant and equipment		**203,771**	209,662
Intangible assets	9	**44,902**	73,499
Other non-current assets		**490**	920
Total non-current assets		**256,290**	291,208
Total assets		**310,913**	335,565
LIABILITIES			
Current liabilities			
Trade and other payables		**16,828**	22,314
Provisions		**2,426**	2,479
Deferred income		**5,525**	4,535
Derivative financial instruments	12	**602**	118
Borrowings	10	**4,470**	4,518
Current tax liabilities		**406**	647
Total current liabilities		**30,257**	34,611
Non-current liabilities			
Trade and other payables		**1,958**	884
Provisions		**1,911**	1,766
Deferred income		**7,172**	7,554
Borrowings	10	**129,145**	129,672
Deferred tax liabilities		**4,646**	4,000
Total non-current liabilities		**144,832**	143,876
Total liabilities		**175,089**	178,487
Net assets		**135,824**	157,078

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

		Consolidated	
	Notes	**31 December 2011 $'000**	30 June 2011 $'000
EQUITY			
Trust			
Contributed equity		**261,575**	261,575
Reserves		**10,530**	10,897
Accumulated losses		**(9,808)**	(10,540)
Total equity attributable to unit holders		**262,297**	261,932
Company			
Contributed equity		**2,681**	2,681
Reserves		**(26,489)**	(26,993)
Accumulated losses		**(103,611)**	(81,488)
Total interest attributable to shareholders (non-controlling interests)		**(127,419)**	(105,800)
Total equity attributable to stapled security holders		**134,878**	156,132
Other non-controlling interests		**946**	946
Total equity		**135,824**	157,078

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

2011	**Trust**						**Consolidated**			
	Contributed equity - trust	**Retained earnings**	**Employee equity benefit reserve**	**Asset revaluation reserve**	**Foreign currency translation reserve**	**Total Trust equity**	**Total Company equity**	**Total stapled security holders**	**Other non-controlling interest**	**Total equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2011	**261,575**	**(10,540)**	**174**	**516**	**10,207**	**261,932**	**(105,800)**	**156,132**	**946**	**157,078**
Profit (loss) for the period	**-**	**732**	**-**	**-**	**-**	**732**	**(22,123)**	**(21,391)**	**-**	**(21,391)**
Other comprehensive income	**-**	**-**	**-**	**-**	**(652)**	**(652)**	**504**	**(148)**	**-**	**(148)**
Total comprehensive income for the period	**-**	**732**	**-**	**-**	**(652)**	**80**	**(21,619)**	**(21,539)**	**-**	**(21,539)**
Transactions with owners in their capacity as owners:										
Share based payment	**-**	**-**	**285**	**-**	**-**	**285**	**-**	**285**	**-**	**285**
Balance at 31 December 2011	**261,575**	**(9,808)**	**459**	**516**	**9,555**	**262,297**	**(127,419)**	**134,878**	**946**	**135,824**

2010	**Trust**						**Consolidated**			
	Contributed equity - trust	**Retained earnings**	**Employee equity benefit reserve**	**Asset revaluation reserve**	**Foreign currency translation reserve**	**Total Trust equity**	**Total Company equity**	**Total stapled security holders**	**Other 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 period	-	(2,072)	-	-	-	(2,072)	17,648	15,576	5	15,581
Other comprehensive income	-	-	-	-	(3,243)	(3,243)	(3,121)	(6,364)	-	(6,364)
Total comprehensive income for the period	-	(2,072)	-	-	(3,243)	(5,315)	14,527	9,212	5	9,217
Transactions with owners in their capacity as owners:										
Share based payment	-	-	83	-	-	83	-	83	-	83
Balance at 31 December 2010	261,575	(15,195)	83	516	8,646	255,625	(89,946)	165,679	947	166,626

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

	Notes	Half-year ended 2011 $'000	2010 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**85,030**	87,139
Payments to suppliers and employees (inclusive of goods and services tax)		**(63,791)**	(61,319)
Interest revenue received		**973**	720
		22,212	26,540
Borrowing costs and Interest expense paid		**(6,788)**	(6,970)
Taxes paid		**(1,538)**	(583)
Net cash inflow from operating activities		**13,886**	18,987
Cash flows from investing activities			
Payments for capital expenditure		**(3,566)**	(3,000)
Proceeds from sale of other financial assets		**3**	-
Proceeds from sale of property, plant and equipment		**538**	1,685
Loans to related parties		**16**	(1)
Net cash inflow / (outflow) from investing activities		**(3,009)**	(1,316)
Cash flows from financing activities			
Repayment of borrowings		**(300)**	(1,700)
Repayment of finance leases		**(420)**	(545)
Net cash inflow / (outflow) from financing activities		**(720)**	(2,245)
Net increase / (decrease) in cash and cash equivalents		**10,157**	15,426
Net foreign exchange differences		**16**	(421)
Cash and cash equivalents at the beginning of the half-year		**30,925**	19,928
Cash and cash equivalents at the end of the half-year		**41,098**	34,933

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

1 Corporate information

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

The consolidated interim financial statements of the Group are as at and for the half year period ended 31 December 2011 comprise the Trust, the Company and all subsidiaries.

2 Basis of preparation

(a) Statement of compliance

This general purpose condensed financial report for the half-year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2011 and considered together with any public announcements made by Living and Leisure Australia Group during the half-year ended 31 December 2011 and up until the approval of this report in accordance with the continuous disclosure obligations of the ASX Listing Rules.

(b) Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements at the end of 30 June 2011.

3 Accounting policies

The accounting policies and methods of computation are the same as those adopted in the most recent financial report.

Certain comparative amounts have been reclassified to conform with the current period's presentation.

The Group has not elected to early adopt any other Standards or amendments that are issued but not yet effective.

4 Operating segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the type of product or service provided. Discrete financial information about each of these operating businesses is reported to the chief operating decision maker on a monthly basis. The reportable segments are the source of the Group's results and major risks.

Types of services and products

Ski Fields

The operation of ski lifts, ski school, ski hire and retail and accommodation facilities at Mt Hotham and Falls Creek Alpine Resorts, Victoria and operation of the Mt Hotham airport.

Aquariums

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

Treetop Walks

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

Property

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

Other

Comprises corporate management and supervisory costs.

4 Operating 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 referred to in note 3 to the accounts and in the prior period.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment earnings before interest, income tax, depreciation and amortisation (Segment Profit) 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.

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

The following tables present the reportable segment information for the half-year ended 31 December 2011.

Half-year 2011	**Ski Fields**	**Oceanis Aquariums**	**Treetop Walks**	**Property**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Segment Revenue	**42,283**	**35,697**	**1,830**	**-**	**100**	**79,910**
Segment Expenses	**(23,546)**	**(25,819)**	**(1,333)**	**(156)**	**(5,248)**	**(56,102)**
Segment Profit / (loss)	**18,737**	**9,878**	**497**	**(156)**	**(5,148)**	**23,808**
Revaluation adjustment						**(314)**
Impairment – goodwill and crown lease						**(28,969)**
Depreciation and amortisation						**(7,614)**
Net finance costs						**(6,209)**
Net profit / (loss) before tax						**(19,298)**
Income tax credit / (expense)						**(2,093)**
Profit / (loss) for the period						**(21,391)**

Half-year 2010						
Segment Revenue	45,592	35,623	1,801	390	100	83,506
Segment Expenses	(24,313)	(25,515)	(1,395)	(94)	(3,040)	(54,357)
Segment Profit / (loss)	21,279	10,108	406	296	(2,940)	29,149
Depreciation and amortisation						**(7,750)**
Net finance costs						**(5,557)**
Net profit before tax						**15,842**
Income tax credit / (expense)						**(261)**
Profit for the period						**15,581**

Seasonality of Ski Field Operations

The ski field operations segment is highly seasonal, with most revenue being earned during the ski season (June to October). As such, the results of the half-year should not be expected to increase by the same levels, as an indication of full year performance.

5 Profit for the half-year

	Notes	Half-year ended 2011 $'000	2010 $'000
(a) Finance costs			
Borrowing costs		**90**	93
Interest expense		**6,682**	6,645
Interest rate swap	12	**537**	(269)
Finance costs expensed		**7,309**	6,469
Interest income		**(1,100)**	(912)
Net finance costs		**6,209**	5,557

(c) Profit for the half-year includes the following items that should be disclosed due their nature, size or incidence:

	Notes	2011 $'000	2010 $'000
Expense			
Revaluation adjustment			
Property, plant & equipment	(i)	**314**	-
Inventory	(i)	**294**	-
		608	-
Impairment charge			
Treetop Walks Goodwill		**14,206**	-
Ski Fields Crown Leases		**14,763**	-
	6	**28,969**	-
Share-based payment expense	13	**285**	83

(i) Revaluation Adjustments

The Group engaged John H Castran, an independent valuer, to determine the fair value of certain non-core properties held at Falls Creek and Hotham in response to the recent increase in property sales activity in these locations. The fair values were determined as at 31 October 2011, and resulted in a number of non-core properties requiring a write down to fair values, with a total write down of $0.608 million.

These non-core properties are classified either as property, plant and equipment, or inventory (land and buildings held for resale), depending on their use. The write down to fair value is therefore shown as a revaluation adjustment either for property, plant and equipment, or for inventory.

There has been no indication of impairment in the carrying values of the Group's other property, plant and equipment or inventory assets in any of the Group's CGUs.

6 Impairment charge

At the half-year ended 31 December 2011, management has performed a review of potential impairment indicators in relation to each of the cash generating units ("CGU") of the Group. In particular, management considered the takeover bid received from Merlin Entertainments (Australia) Pty Ltd ("Merlin") on the 19 December 2011 for the Group.

In assessing the recoverable amount, management utilised the value in use method to assess the recoverable amount of each CGU.

The half-year assessment enabled management to evaluate the actual performance and effectiveness of initiatives that underpinned the 2012 budget, which formed part of the cashflows used in completing the impairment assessment at 30 June 2011. In addition, the half-year assessment has enabled management to consider the performance of recent investments and their contributions to each of the respective segments. In light of the above and sustained challenging economic conditions, management considers it appropriate to revise down the forecast cashflows and terminating cashflow growth rates which results in a lower recoverable amount.

In the opinion of the directors there is an impairment loss of $14.206 million in respect of goodwill for the Treetop Adventures CGU and $14.763 million impairment for the Ski Fields crown leases.

There is no further requirement for an impairment charge on any other CGU at the half-year. No impairment write-down was recorded against any business segment in the prior comparative period.

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

	Half-year ended	
	2011	2010
	Cents	Cents
(a) Basic and diluted earnings / (loss) per stapled security	**(0.78)**	0.57
(b) Basic and diluted earnings / (loss) per unit	**0.03**	(0.08)

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

	$'000	$'000
Basic and diluted earnings / (loss) per share per staple security		
Profit / (loss) from continuing operations attributable to the staple security holders of the group used in calculating basic and diluted earnings /(loss) per stapled security	**(21,391)**	15,576
Basic and diluted earnings / (loss) per unit		
Profit / (loss) from continuing operations attributable to the unit holders of the Trust used in calculating basic and diluted earnings / (loss) per unit	**732**	(2,072)

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

	Number	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
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 half-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.

Existing options are excluded from the diluted weighted average number of ordinary stapled securities calculation as their effect would have been anti-dilutive. At 31 December 2011 there were nil options (2010: 97,102,375).

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.

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

(e) Net tangible assets per stapled security

	Half-year ended	
	2011 **Cents**	2010 Cents
Net tangible assets per stapled security-cents (i)	**3.33**	3.41
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.

8 Income tax (expense) / credit

	Half-year ended	
	2011 **$'000**	2010 $'000
Income tax (expense) / credit		
Current tax	**(4,581)**	(156)
Movement in deferred tax	**(646)**	(2,900)
Other (prior period losses recognised)	**3,134**	2,795
	(2,093)	(261)

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

Trust

Under current income tax legislation, the Trust is not subject to income tax, provided that the taxable income is fully distributed to unit holders.

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

9 Non-current assets - Intangible assets

As detailed in Note 6, the Group has reassessed the recoverable amount of the business segments of the Group. As a result of this recoverable amount assessment an impairment charge of $28.969 million has been recognised in the half year ended 31 December 2011 (half year ended 31 December 2010: nil).

The impairment loss relates to the goodwill included in the Treetop Adventure business segment, reducing the total goodwill in this segment from $14.206 million to nil and Ski business segment reducing total Crown Leases in this segment from $14.763 million to nil.

Consolidated	**Goodwill** $'000	**Crown Leases** $'000	**Other intangible assets** $'000	**Total** $'000
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**
Half - year ended 31 December 2011				
Opening net book amount	**58,552**	**14,763**	**184**	**73,499**
Additions - acquisitions	**-**	**-**	**401**	**401**
Amortisation charge	**-**	**-**	**(29)**	**(29)**
Impairment charge	**(14,206)**	**(14,763)**	**-**	**(28,969)**
Closing net book amount	**44,346**	**-**	**556**	**44,902**
At 31 December 2011				
Cost	**98,367**	**14,763**	**1,464**	**114,594**
Accumulated amortisation and impairment	**(54,021)**	**(14,763)**	**(908)**	**(69,692)**
Net book amount	**44,346**	**-**	**556**	**44,902**
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
Half - year ended 31 December 2010				
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	210	73,525
At 31 December 2010				
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	210	73,525

Amortisation of $0.029 million (2010: $0.065 million) is included in depreciation and amortisation expense in the profit or loss.

Other intangible assets represents software.

9 Non-current assets - Intangible assets (continued)

(a) Allocation of 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.

	Ski Fields $'000	Aquariums $'000	Treetop Adventures $'000	Total $'000
31 December 2011				
Acquired goodwill	**-**	**44,346**	**-**	**44,346**
Crown leases	**-**	**-**	**-**	**-**
	-	**44,346**	**-**	**44,346**
30 June 2011				
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 Ski Fields CGU as it is not expected to generate material cash flows.

Forecasts – Cash flow projections were modelled for a five year period. The cash flow projections for 2011/12 were based on the updated budget forecast. Free cash flow projections for a four year period beyond 2012 were based on 2012 forecast trading, using conservative assumptions which are consistent with long-term asset/industry/country growth rates relevant to the businesses, as well as management's best estimates in respect of working capital, capital expenditure requirements as well as taxes.

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

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

	31 December 2011	30 June 2011
▪ AUD/CNY	**6.72**	6.96
▪ AUD/KRW	**1137.66**	1,159.40
▪ AUD/THB	**31.14**	31.57

9 Non-current assets - Intangible assets (continued)

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

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.

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

	Adjusted pre-tax weighted average cost of capital*		**Growth rate****	
	31 December 2011	30 June 2011	**31 December 2011**	30 June 2011
	%	%	%	%
Ski fields	**13.5**	13.0	**2.0**	2.8
Australian Treetop Adventures	**15.5**	13.5	**0.0**	2.9
Oceanis				
• Australia	**13.1**	13.1	**2.0**	3.3
• China	**13.1**	13.1	**2.5**	3.7
• Thailand	**13.9**	13.9	**2.0**	3.1
• Korea	**13.4**	13.4	**2.0**	2.9

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

** Weighted average growth rate used to extrapolate cash flows beyond the forecast period.

The growth rates used to project cash flows beyond the five year cash flow forecast for each CGU are 0.0% to 2.5% (30 June 2011: 3.0% to 4.0%). These growth rates are consistent with a conservative estimate of the future economic growth rate of the relevant economic/business environment.

(c) Impairment

31 December 2011

As a result of the impairment assessment a write off of goodwill of $14.206 million has been recognised for the Treetop segment and $14.763 million write off of value pertaining to the Crown Leases of the Ski Fields CGU.

30 June 2011

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

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% (30 June 2011: 13% to 17%) 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.

10 Interest bearing loans and borrowings

	31 December 2011 $'000	30 June 2011 $'000
Current		
Secured		
Bank loans	**3,750**	3,750
Lease liabilities	**32**	111
Total secured current borrowings	**3,782**	3,861
Unsecured		
Loans from related parties	**30**	15
Vendor finance	**658**	642
Total unsecured current borrowings	**688**	657
Total current borrowings	**4,470**	4,518
Non-current		
Secured		
Lease liabilities	**24**	47
Bank loans	**128,780**	128,951
Total secured non-current borrowings	**128,804**	128,998
Unsecured		
Vendor finance	**341**	674
Total unsecured non-current borrowings	**341**	674
Total non-current borrowings	**129,145**	129,672
Total Borrowings	**133,615**	134,190

(a) Senior and mezzanine facilities

The terms of the Senior Debt and Mezzanine facilities are set out below.

Terms of facilities

Facility	$,000	Interest
Senior Facility	$50,000	BBSY plus 1.5% margin, tied to gearing ratio
Mezzanine A	$25,000	BBSY plus 7.0% margin;
Mezzanine B	$38,000	BBSY plus 7.0% margin; until 11/2009, all was capitalised to the principal
Mezzanine C	$18,000	Interest free until 8/2010, thereafter BBSY plus 7.0% margin

(b) Prepayment

As result of the Merlin takeover offer becoming unconditional, LLA has issued irrevocable prepayment notices as required under the terms of the Implementation Deed to its senior and mezzanine lenders that LLA will prepay the whole of each outstanding loan and all other amounts outstanding on the 29 February 2012.

11 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 half-year, the Company paid rent on assets held by the Trust, and interest on loans provided by the Trust.

12 Derivative financial instruments

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

Interest rate swaps

The terms and conditions of the lending agreement with the senior lender require the Group to enter into a swap agreement equal to 50% of the senior facility. In order to comply with this requirement the Group has entered into an interest rate swap contract under which it has the right to receive interest at a variable rate and to pay interest at a fixed rate. The swap in place covers 50% of the original $50 million advance ($45.500 million at balance date ($45.800 million at 30 June 2011)).

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

13 Security-based payments

In 2010 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. Under the Option Plan participants are granted options which only vest if certain performance standards are met.

On the 19 December 2011, Merlin Entertainments (Australia) Pty Ltd ("Merlin"), made an off market takeover bid for 100% of the securities of the Group.

An Implementation Deed was entered into with Merlin in respect of the Offer in which one of the conditions of the Offer per Appendix 2 – Conditions of the Offer (k), required the directors of the Group to cancel all of the options under the Living and Leisure Australia Option Plan for nil consideration.

At a meeting of the Board of Directors of the Group, held on the 19 December, the Board resolved to cancel all employee options for nil consideration with immediate effect.

No options were issued during the period.

No executive options were exercised during the period.

During the period 7,456,504 options were cancelled due to performance requirements not being achieved.

During the period 85,749,121 options were cancelled in accordance with the Board resolution to satisfy the Merlin Conditions of Offer (k) requirement.

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

	Half-year ended 2011		Half-year ended 2010	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at beginning of the period	**93,205,625**	**$0.04**	-	-
Granted 31 July 2010			101,966,500	$0.04
Expired / forfeited during the period	**-**	**-**	4,864,125	$0.04
Cancelled during the period	**93,205,625**	**$0.04**	-	-
Balance at end of the period	**-**	**-**	97,102,375	$0.04
Options vested and exercisable at period end	**-**	**-**	**-**	**-**

The cancellation of the options is reflected by bringing to account immediately an amount of $0.285 million for the period ending 31 December 2011 ($0.083 million 31 December 2010) that otherwise would have been recognised over the remainder of the vesting period.

14 Commitments and Contingencies

Commitments

There have been no changes to the commitments as disclosed in the most recent annual financial report.

Contingent liabilities

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 accruals 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.

During the period, the Group has resolved certain lawsuits, claims and contingencies. This has resulted in a net benefit of $0.635 million.

Contingent Assets

The Group has no contingent assets as at 31 December 2011 (nil at 30 June 2011).

15 Events occurring after balance sheet date

On 10 February 2012, Merlin Entertainments (Australia) Pty Ltd declared to the ASX that its takeover offer for all the stapled securities in the Living and Leisure Australia Group as unconditional and intends to proceed to compulsory acquire all of the outstanding LLA securities. The takeover on completion will result in the Living and Leisure Australia Group being delisted from the ASX.

As result of the Merlin takeover offer becoming unconditional, LLA has issued irrevocable prepayment notices as required under the terms of the Implementation Deed to its senior and mezzanine lenders that LLA will prepay the whole of each outstanding loan and all other amounts outstanding on the 29 February 2012.

The early termination of the interest rate swap will result in a cost of $0.547 million being incurred.

The Group made a payment to UBS and ANZ (exclusive of GST) in relation to the Merlin takeover for an aggregate amount of $3.525 million upon the takeover offer becoming unconditional.

There have been no other events that have occurred subsequent to the reporting date which have significantly affected or may significantly affect the Group's operations, results or state of affairs in future years.

In the directors' opinion:

- the financial statements and notes for the half year ended 31 December 2011 set out on pages 12 to 31 are in accordance with the Corporations Act 2001, including:

    - complies with AASB 134, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

    - giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

- there are reasonable grounds to believe that Living and Leisure Australia Group will be able to pay its debts as and when they become due and payable.

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

Julanne Shearer

Julanne Mary Shearer
Director
Melbourne
20 February 2012

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To the members of Living and Leisure Australia Group

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Living and Leisure Australia Group, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes, and the directors' declaration of the consolidated entity comprising the Living and Leisure Australia Trust, Living and Leisure Australia Group and the entities they controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Living and Leisure Australia Group and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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.