

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



ASX & MEDIA ANNOUNCEMENT

LIVING AND LEISURE ACHIEVES PROSPECTUS EBITDA FORECAST WITH STRONG UNDERLYING BUSINESS PERFORMANCE

Living and Leisure Australia Group (**LLA**) today lodged its full year accounts to 30 June 2008 confirming the underlying operating businesses performed well with EBITDA of \$26.0 million marginally ahead of the prospectus forecast (excluding one-off items) while announcing a group loss of \$74.8 million.

Key features of the result:

- ◆ **Revenue and EBITDA** - total segment revenue of \$114.7 million (3% down on the previous corresponding period) and EBITDA from operations of \$26.0 million before allowing for one-off adjustments (FY07: \$29.2 million) was impacted by reduced earnings for the aquariums (due mainly to one-off factors) and property (due to fewer contracted in the period), but partially offset by strong results from the ski fields and an initial contribution from Treetop Walks.
- ◆ **Ski fields** – the ski fields delivered a strong result contributing \$9.9 million to EBITDA in the period reflecting an improved snow season and trading conditions in the period July to September 2007. Both Falls Creek and Mt Hotham recorded improved skier days and performed well in the 2007 ski season but experienced a slow start with no ski-able snow coverage in June 2008.
- ◆ **Aquariums** – the aquariums contributed \$17.1 million to EBITDA for the full year reflecting in the main reduced contributions from Busan Aquarium (South Korea) and Melbourne Aquarium. Melbourne Aquarium has been undergoing extensive construction and renovation for the launch of Antarctica World. Improved contributions were recorded at Underwater World (Mooloolaba, Queensland), Shanghai Ocean World (China) and Siam Ocean World (Bangkok, Thailand).
- ◆ **Treetop Walks** – the Treetop Walks business contributed \$1.9 million to EBITDA since being acquired on 30 July 2007 with economic control of the Otway Fly from 1 July 2007. The Illawarra Fly opened on 15 March 2008 and contributed \$0.4 million to the segment EBITDA result.
- ◆ **One-off items** - the result was adversely affected by four significant one-off items:
 1. impairment write-downs of \$29.1 million in respect of the carrying value of the ski fields;
 2. write-off of project costs of \$15.2 million;
 3. expenses associated with the unsuccessful takeover bid for Tourism Holdings Limited during the period of \$9.2 million; and
 4. costs associated with the negotiation and review of proposed LLA asset sales, refinancing and recapitalisation of \$7.1million.

For further information please contact

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- ◆ **Finance costs** - finance costs totalled \$23.2 million in the period, compared to \$13.4 million in the previous corresponding period, reflecting increased debt levels (associated with the acquisition of Treetop Walks, expansion of Melbourne Aquarium and the unsuccessful takeover of THL) and forbearance fees charged by the former senior secured financier together with higher borrowing costs.
- ◆ **Net assets** - net assets reduced during the 12 month period from \$169.8 million to \$81.8 million at 30 June 2008. The reduction is mainly attributable to impairment write-downs, other one-off losses and the final distribution for FY07 which was paid during the period.

Operations

John Schryver, Acting CEO of LLA, said that following the successful recapitalisation of LLA on 6 August 2008 the Group is in a very strong position to capitalise on the underlying strength of the operating businesses.

As described in the recent Offering Document, LLA's Board has formed an Executive Committee chaired by Craig Carracher of Arctic Capital, and commenced a 90 day formal review of all of its operations with a view to identifying and implementing key initiatives to consolidate and improve operations, with the objective of improving profitability and placing LLA on a solid platform for growth.

The opening of the Antarctica World attraction at Melbourne Aquarium, which is planned for the second quarter of FY09, will showcase King and Gentoo penguins in a world class facility and will be the first of its kind in Australia. This will become an iconic attraction for Melbourne and will enhance attendances at Melbourne Aquarium.

The ski fields reported a stronger full year underlying result compared to FY07. The key capital projects during 2008 of installing snowmaking infrastructure at Mt Hotham's signature Heavenly Valley and Wombats Ramble at Falls Creek have been completed.

This financial year saw the acquisition of the Treetop Walk business. Attendances at both attractions have been strong delivering positive contributions to LLA. An initiative to abseil off the Otway Fly attraction is currently being assessed with its introduction planned for the peak Christmas period. The Illawarra Fly recently received the New Tourism Development award in the NSW South Coast Regional Tourism Awards.

Having completed the sale of the remaining Dinner Plains lots in the first half of the financial year there were no other recorded property sales for the remainder of the year. Construction at the Freehold site at Mt Hotham is expected to be completed after the 2008 ski season with all lots pre-sold.

In May 2008 LLA entered into agreements under which Far East Consortium effectively purchased the right from LLA to receive proceeds from the sale of the Northbank development. LLA has no further effective economic interest in the Northbank joint venture.

Distributions

No distribution will be paid in respect of FY08 and thus no tax distribution statement will be issued for this period to security holders.



John Schryver
Chief Executive Officer (acting)
 29 August 2008

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