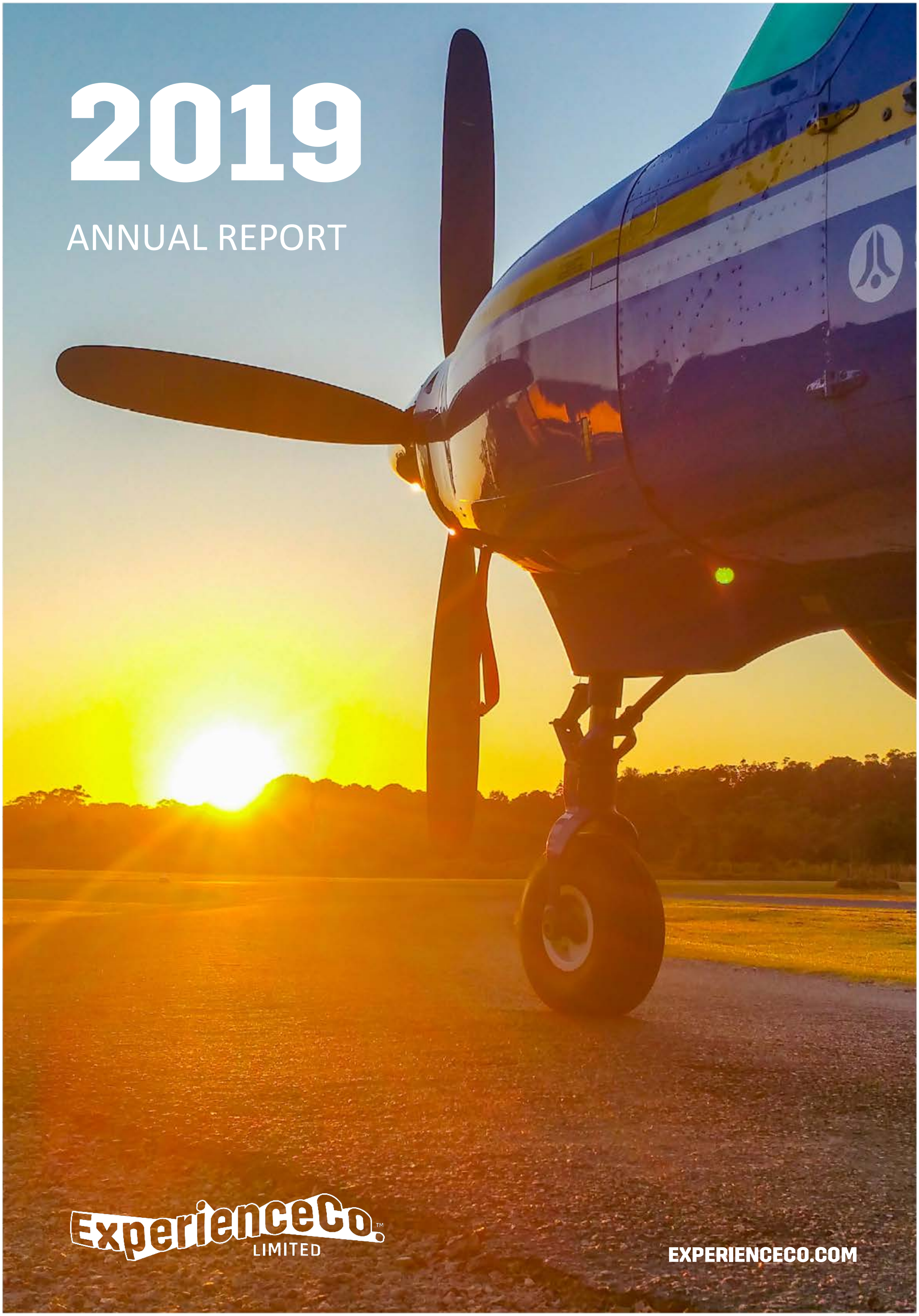

2019

ANNUAL REPORT

ExperienceCo. LIMITED

EXPERIENCECO.COM

ABOUT US

Experience Co (previously known as Skydive the Beach Group Limited) was listed on the ASX in March 2015.

Founded in 1999 Wollongong, Australia the Group has grown to a diversified adventure tourism business, that includes skydiving, diving and snorkeling, white water rafting, hot air ballooning and helicopter tours.

The Group's operations are located primarily on Australia's eastern seaboard from the Great Ocean Road to Tropical North Queensland's Port Douglas and New Zealand operations are conducted in the world-renowned Queenstown region on the South Island.

At the core of our business is delivering awesome experiences to our customers every day of the year. Experience Co is well positioned in one of the fastest growing adventure tourism markets, with exposure to both domestic and international markets.

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CHAIRMAN AND CEO ADDRESS

On behalf of the Experience Co Limited Board we are pleased to present the 2019 Experience Co Limited Annual Report for the year ended 30 June 2019

FY19 was a challenging year with results falling short of expectations primarily as a result of weaker tourism trading conditions in the Far North Queensland region. This was as a result of a decline in airport arrivals, prolonged poor weather, and a decrease in Great Barrier Reef visitation ex-Cairns.

The Adventure Experiences operations, predominately based in Cairns, were significantly impacted by the softer market conditions and slower than anticipated integration. This resulted in these businesses not achieving expectations anticipated at the time of the respective acquisitions.

The Group has commenced a strategic review of its portfolio of assets and operations. This will take into consideration the medium and long term growth prospects for each of our operating businesses, brands and key markets.

FY19 financial performance

Despite these challenges, the Group reported an Underlying EBITDA of $27.2 million, and robust operating cash flow conversion.

On a statutory basis, the Group reported a net loss of $48.3 million driven by $62.5 million of non-cash impairments in the Adventure Experiences segment.

As announced in August 2019, no dividend was declared for FY19 allowing the business to focus on capital management providing ongoing balance sheet optionality and flexibility, in the short term.

This Annual Report also contains the Directors' Report and audited financial statements, which details the Group's operations and financial results across each of our business segments.

Our markets

The global adventure tourism market continues to grow. In Australia, this trend continues to evolve in each period, with consumer preferences, weather conditions as well as domestic and international tourism trends remaining key variables for our businesses.

Australian and New Zealand tandem skydiving markets continue to be strong, cash generative operating models.

Testament to the quality of our product offering that has been developed over 20 years of operations, we have established market leading positions in Australia and New Zealand.

Despite the weaker than anticipated performance in our Far North Queensland skydiving operations, skydiving performed reasonably well in FY19 with over 192,000 tandem jumps in Australia and New Zealand.

Adventure Experiences comprise a number of brands and operations, predominately located in the Cairns region in the Australian wet tropics.

This market has historically been a cyclical market, influenced by aviation markets, weather conditions and international tourism trends. Following strong market conditions from FY16 to FY18, FY19 saw a pronounced decline in airport arrivals which was compounded by poor weather in late 2018 and early 2019. These softer conditions have continued into FY20 and a key element of the strategic review will be to consider the medium to long term growth prospects of this market.

The way in which our customers, both direct and agents, interact with us continues to change at a rapid pace. To meet expectations, during the period we have invested in our websites and booking engines, onboarded a number of new payment options and increased the channels and media used to communicate and share content.

Safety, Environment and Community

The health and safety of our employees, customers and suppliers are our highest priority in conducting our business each day. We will continue to be unwavering in our commitment to safety.

As an outdoor adventure company, we are acutely aware of the environments in which we operate, including the Great Barrier Reef which is one of the world's most precious ecological assets. Working with regulators and key stakeholders is essential in the operation of our business activities and we are extremely proud of our reef education and marine biology activities.

A highlight during the year was the launch of the Company's Dreamtime Dive & Snorkel adventure experiences in Far North Queensland in November 2018. This is the Great Barrier Reef's only indigenous on water experience. Our indigenous rangers combine historical story telling with snorkeling and diving. This initiative provides tourists with a unique opportunity to engage in indigenous cultural experiences in Australia while exploring one of the seven wonders of the world.

We are delighted to be part of this initiative, and importantly the opportunity to invest in Australia's indigenous culture and people providing ongoing employment opportunities as well as training programs to develop relevant industry skills for the indigenous community in the region now and into the future.

Our people

The year was a period of transition in the Board and management. This commenced with the appointment of the Chair in October 2018, and a transition in the management leadership team in the second half of the year.

The Board welcomed the leadership appointments made in 2H19, with the most recent appointment of CEO, John O'Sullivan in July 2019. The senior management team led by John O'Sullivan places the business in the best position to successfully execute the Group's future strategies. With this executive now in place, our founder Anthony Boucaut has transitioned to a Non-Executive Director role. Anthony is a genuine pioneer of the global skydiving industry and we look forward to working with him in this capacity.

In its ongoing commitment to improved performance and capability, the Board will continue to review its composition, skills and expertise and that of management to ensure the business delivers on its key objectives and strategic direction.

Strategy and outlook

The Group operates in one of the fastest growing tourism sectors in Australia and globally and our customers are more than ever looking at unique adventure experiences.

With this backdrop, the strategic review will examine options and initiatives to address the recent share price underperformance.

An update will be provided at the company's Annual General Meeting in November 2019.

We thank our customers, investors and all stakeholders for their ongoing support during FY19.

And finally, we thank and acknowledge the contributions of the Board, Management and all employees during the year and we look forward to the year ahead.

Kerry Robert (Bob) East
Chairman

John O'Sullivan
Chief Executive Officer

INFORMATION ON DIRECTORS

The following information is current as at the date of this report

KERRY (BOB) EAST

Independent Non-Executive Director (Chair of Board)

Appointed as Non-Executive Director on 30 April 2018

Appointed Chair of the Board on 26 October 2018

In February 2019, following the resignation of Anthony Ritter, Bob East assumed the role of Executive Chairman until CEO John O'Sullivan joined the Group on 29 July 2019

Chair – Remuneration & Nomination Committee

Member – Audit & Risk Committee

Bob has extensive leadership experience and more than 25 years' experience in the tourism and hospitality industries. Prior to joining Experience Co, Bob was CEO of Mantra Group (ASX 200) where he was responsible for the consolidation and strengthening of the Mantra Group brands and the growth of the business into one of the leading accommodation providers and operators in Australasia. Bob was instrumental in and lead the listing of the Mantra Group on the ASX in 2014 and in May 2018 the largest hospitality transaction in Australia – the acquisition of the Mantra Group by Accor Hotels. Bob holds Non-Executive Director roles in Gold Coast Football Club Ltd, Sydney Metro, Tourism Australia (Chair) and Australia Venue Company Pty Ltd (Chair).

Bob holds an MBA and is a Member of the Australian Institute of Company Directors.

Listed Company Directorships in last 3 years

CEO and Executive Director - Mantra Group Limited (ASX:MTR) resigned 31 May 2018

Interests in Shares

700,000 ordinary shares

1,059,272 Service Rights over Ordinary Shares

JOHN DIDDAMS

Independent Non-Executive Director (Deputy Chair)

Appointed as Non-Executive Director on 19 December 2013

Held the role of Acting Chair of the Board from 30 April 2018 until Bob East was appointed Chair on 26 October 2018

Chair – Audit & Risk Committee

Member – Remuneration & Nomination Committee

John has over 30 years of financial and management experience having held roles as CFO, CEO and director of both private and public listed companies. John is the principal of a CPA firm providing corporate advisory services, including management of equity raisings, due diligence processes and IPO's, to SME and mid-cap companies.

John holds a Bachelor of Commerce and is a Fellow Member of both CPA Australia and the Australian Institute of Company Directors.

Listed Company Directorships in last 3 years

Non-Executive Director – Volpara Health Technologies Limited (ASX: VHT)

Non-Executive Director – Olivers Real Food Limited (ASX: OLI) resigned 28 February 2019

Interests in Shares (direct and indirect)

2,440,545 Fully Paid Ordinary Shares

1,500,000 Options over Ordinary Shares

354,467 Service Rights over Ordinary Shares

INFORMATION ON DIRECTORS (CONTINUED)

COLIN HUGHES

Independent Non-Executive Director appointed on

9 June 2016

Member – Audit & Risk Committee and Remuneration & Nomination Committee

Background

Colin has more than 40 years' experience having held senior executive roles across 4 international carriers (including Cathay Pacific and QANTAS), International Hotel Chain, and State and National Tourism Organisations.

Previously Colin held Non-Executive Director roles at Business Events Sydney (Chair), Motel Federation Australia, Accommodation Association of Australia (AAoA), Centrecom Call Centre Group and was a member of Airline Advisory Group Aviation Online.

Colin is an advisory board member of CAPA aviation and is a member of the Australian Institute of Company Directors.

Listed Company Directorships in last 3 years

None

Interests in Shares

162,104 Service Rights over Ordinary Shares

ANTHONY BOUCAUT

Appointed Non-Executive Director on

2 September 2019

Prior to transitioning to Non-Executive Director - Managing Director appointed on 19 December 2013

Background

Anthony has over 20 years' experience in the skydiving industry and over 25 years' experience in the aviation industry. The Skydive the Beach concept and vision was the result of Anthony's passion for skydiving and love of sharing extreme adventures with others. During his final year of university, Anthony formed a business known as Adrenalin Sports Skydiving, which became Skydive the Beach, now known as Experience Co. The first tandem skydives over North Wollongong beach were conducted in July 1999.

Anthony holds a Bachelor of Science and is a Member of Australia Parachute Federation and the Australian Institute of Company Directors.

Listed Company Directorships in last 3 years

None

Interests in Shares (direct and indirect)

180,348,044 Fully Paid Ordinary Shares

3,000,000 Options over Ordinary Shares

INFORMATION ON DIRECTORS (CONTINUED)

JOHN ‘OSULLIVAN

Executive Director – Chief Executive Officer
appointed on 29 July 2019

Background

John has over 25 years’ experience in the tourism and related industries sector, having held senior executive roles with Football Federation Australia (Chief Commercial Officer), Events Queensland (Chief Executive Officer), Fox Sports (Chief Operating Officer) and for the last 5 years Managing Director of Tourism Australia where he managed a team of more than 200 staff in 13 locations, including China, London and Germany, and led the restructure of teams and people to improve performance and to place increased investment where required to achieve the best results.

John has extensive leadership capabilities and experience in sales and marketing, event management and digital technology on a local and global stage.

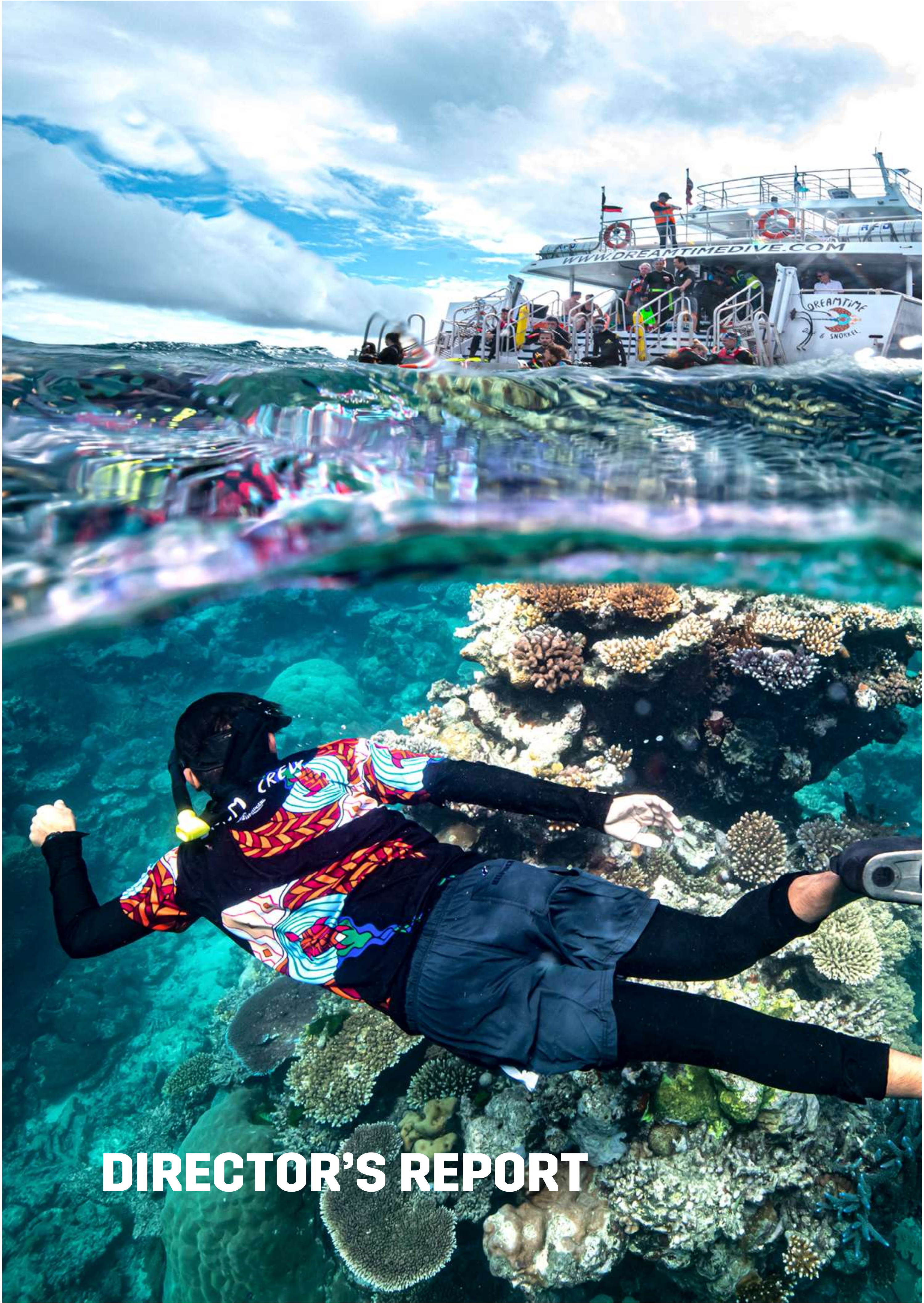
John holds an Executive MBA and is a graduate member of the Australian Institute of Company Directors.

Listed Company Directorships in last 3 years

None

Interests in Shares

NIL



DIRECTOR'S REPORT

The Directors present their report on the Group (referred to herein as the Group) consisting of Experience Co Limited and its controlled entities for the financial year ended 30 June 2019.

GENERAL INFORMATION

DIRECTORS

The following persons were directors of the Company during or since the end of the financial year up to the date of this report:

DIRECTOR	OFFICE HELD
Kerry (Bob) East [1]	Chair of Board (Non-Executive)
John Diddams	Deputy Chair (Non-Executive)
Colin Hughes	Director (Non-Executive)
Anthony Boucaut[2]	Director (Non-Executive)
John O'Sullivan[3]	Chief Executive Officer
Anthony Ritter[4]	Chief Executive Officer

[1] Bob East was appointed as a Non-Executive Director on 30 April 2018. On 26 October 2018 he was appointed Chair of Board. Following Anthony Ritter's resignation, Bob East assumed the role of Executive Chair on 13 February 2019 until new CEO John O'Sullivan joined the Group on 29 July 2019.
[2] Anthony Boucaut transitioned to Non-Executive Director on 2 September 2019.
[3] John O'Sullivan appointed on 29 July 2019.
[4] Anthony Ritter resigned on 13 February 2019.

Details of each Director's experience and qualifications are set out on pages 6 to 8 of the director information report.

MEETINGS OF DIRECTORS

The number of Board meetings held (including Board Committee meetings) and the number of meetings attended by each of the Directors of the Company, during the financial year are listed below:

DIRECTOR	DIRECTORS MEETINGS		AUDIT & RISK COMMITTEE MEETINGS		REMUNERATION & NOMINATION COMMITTEE MEETINGS	
	A	**B**	**A**	**B**	**A**	**B**
Bob East	20	20	3	3	3	3
John Diddams	20	20	3	3	3	3
Colin Hughes	20	20	3	3	3	3
Anthony Boucaut	20	20	NA	NA	NA	NA
Anthony Ritter	13	14	NA	NA	NA	NA

Anthony Ritter resigned on 13 February 2019
John O'Sullivan appointed on 29 July 2019

A:	Number of meetings attended
B:	Number of meetings held during the time the Director held office or was a member of the Committee
NA:	Not a member of the relevant Committee

COMPANY SECRETARY

Fiona van Wyk was appointed Company Secretary on 10 September 2018 at which time John Diddams and Anthony Ritter resigned as joint Company Secretaries. Fiona has over 20 years' experience as a Company Secretary, most recently as company secretary of the Mantra Group from August 2007 to May 2018. Fiona is a member of the Governance Institute of Australia and the Australian Institute of Company Directors.

PRINCIPAL ACTIVITIES

The Group is a leading provider of adventure tourism and leisure experiences in key tourist destinations in Australia and New Zealand which include tandem skydiving, Great Barrier Reef snorkeling, helicopter and diving tours and experiences and hot air ballooning.

OPERATING ACTIVITIES

BUSINESS SEGMENT	SKYDIVING		ADVENTURE EXPERIENCES
Operating location	Australia	New Zealand	Far North Queensland [1]
Business overview	Tandem and solo skydiving experiences	Tandem and solo skydiving experiences	Various adventure experiences with a prominence in Far North Queensland (Cairns and Port Douglas) Great Barrier Reef based experiences, from snorkel and diving to scenic helicopter flights
	16 drop zones primarily on the Eastern seaboard of Australia	3 drop zones in the Queenstown region of New Zealand's South Island	Other activities include white water rafting, hot air ballooning, Daintree Rainforest tours and canyoning
	Drop zone network provides a diversified geographic and customer base	Primarily international tourist customer base, consistent with Queenstown's status as a premier adventure tourism hub	Customer base varies by activity

BUSINESS SEGMENT	SKYDIVING		ADVENTURE EXPERIENCES
Prominent Brands	Skydive Australia	Nzone Skydive	Reef Magic Cruises
	Skydive the Beach	Skydive Wanaka	Big Cat Green Island Reef Cruise
		Skydive Southern Alps	Fitzroy Island Adventures
			Dreamtime Dive & Snorkel
			Calypso Snorkel & Dive
			Raging Thunder Adventures
			Cairns Hot Air Ballooning
			Byron Bay Ballooning
			Hunter Valley Ballooning
			Great Barrier Reef Helicopters

1 Predominately Far North Queensland, but also includes hot air ballooning operations in Byron Bay and the Hunter Valley in NSW.

The Group has a team of over 1,000 employees and contractors to carry out Group activities.

COMMENTARY ON THE RESULTS

The Group reported a loss after income tax of $48.3 million (30 June 2018: profit $6.8 million). The loss after income tax is substantially due to non-cash impairments ($62.5 million) and significant items ($7.9 million) which are discussed in the section titled *Reconciliation of net profit after tax to non-Australian Accounting Standard measures*, below.

Underlying operating cash conversion improved on the prior year, reflecting the robust operating cash generation of the business.

The impairment charge of $62.5 million was primarily the impairment of goodwill and other intangibles, and other assets in the Adventure Experiences segment. The impairment of goodwill and other intangibles is attributable to lower than anticipated benefits from integration of acquired businesses and softer tourism trading conditions in the Tropical North Queensland region, which has contributed to adverse impacts on projected cashflows.

Presented below is a summary of historical and current operating statistics and financial performance information, including a comparison of actual results for the period ended 30 June 2019 against the same period last year.

COMMENTARY ON THE RESULTS (CONTINUED)

CURRENCY: AUSTRALIAN DOLLARS	UNIT	JUN-19	JUN-18
Financial performance metrics			
Sales revenue	$million	161.3	135.3
EBITDA[1]	$million	19.3	27.4
Net (loss)/profit before income taxes	$million	(58.8)	10.3
Net (loss)/profit after income taxes	$million	(48.3)	6.8
Underlying EBITDA[2]	$million	27.2	30.2
Underlying EBITA[3]	$million	16.6	19.8
Underlying operating cash flow[4]	$million	27.2	25.8
Underlying operating cash flow conversion[5]	%	100.2%	85.5%
Operating metrics			
Skydiving revenue[6]	$million	80.8	78.4
Skydiving tandem jumps	000s	192.2	189.8
Average revenue per tandem jump	$	420	413
Skydiving Underlying EBITDA margin[7]	%	31.0%	32.4%
Skydiving Underlying EBITA margin	%	25.8%	25.4%
Adventure Experiences revenue	$million	76.8	53.9
Adventure Experiences Underlying EBITDA margin	%	16.2%	27.3%
Adventure Experiences Underlying EBITA margin	%	8.3%	19.5%
Capital metrics			
Net debt	$million	29.5	28.4
Gearing ratio[8]	%	20.7%	19.7%
Net debt to Underlying EBITDA	multiple	1.1	0.9
Net assets per share	cents	23.8	32.5
Net tangible assets per share	cents	16.7	17.2

NOTES

[1] Earnings before interest, tax, impairment, depreciation and amortization

[2] EBITDA adjusted for significant items being specific non-cash or one-off items.

[3] Underlying EBITA is Underlying EBITDA less depreciation and software amortisation.

[4] Underlying operating cash flow is defined as operating cash flow before finance costs, income taxes and significant items

[5] Underlying operating cash flow divided by Underlying EBITDA

[6] Skydiving revenue is based on the Sales revenue reported for the Skydiving segment, excluding other sales (being sales not associated with skydiving jump activities)

[7] Calculated based on Underlying EBITDA for the Skydiving segment divided by Skydiving revenue (see Note 6 above)

[8] Gearing ratio is net debt (gross borrowings less cash equivalents) as a % of total tangible assets

COMMENTARY ON THE RESULTS (CONTINUED)

GROUP FINANCIAL PERFORMANCE

Underlying EBITDA $27.2 million (30 June 2018: $30.1 million). The Group reported an increase in revenue of 19% to $161.3 million, driven by the full year contribution from FY18 acquisitions, however challenges experienced in these acquisitions arising from softer tourism trading conditions in the FNQ market saw EBITDA impacted, a reflection of the fixed cost leverage in the businesses acquired.

Our core skydiving business performed reasonably well across Australia and New Zealand. However, overall, FY19 was a challenging year for the Group. Our results were below initial guidance expectations, principally attributable to the performance of the acquisitions in our Adventure Experiences segment leading up to FY18 which have encountered adverse trading conditions, including:

- Softer tourism conditions in Far North Queensland ('FNQ');
- Prolonged poor weather, including record rainfalls; and
- Slower than anticipated integration.

The Group has commenced a strategic review of the business, with a renewed focus on core activities, simplifying the business and improving return on capital.

Skydiving

The Group continues to have a market leading position in Australia and New Zealand tandem skydiving markets. FY18 saw the first fatalities in the Australian tandem skydiving industry in over 30 years.

Tandem jump volume, the key driver of Skydiving segment profitability, increased by 1.3% to 192,179 (30 June 2018: 189,784), with 131,915 tandem jumps in Australia (30 June 2018: 132,293) and 60,264 in New Zealand (30 June 2018: 57,491). The Australian tandem jump volume decrease of 0.3% was principally driven by the three Far North Queensland dropzones which represented 27.5% of FY19 Australian jump volume, down by 12.9% on FY18. Excluding these Far North Queensland dropzones, the Australia volume was up 5.5% on FY18, with strong year on year performance for key metropolitan drop zones.

In New Zealand, the growth was driven by the NZone operation in Queenstown, which experienced favourable weather conditions and a stronger performance over the Chinese New Year period compared to the prior year.

Adventure Experiences

The Adventure Experiences segment is primarily a Cairns, Far North Queensland based operation located in the Australian wet tropics. The region experienced softer trading conditions in FY19, demonstrated by a decrease in Cairns airport arrivals (particularly pronounced from September 2018 onwards), combined with record rainfalls in the region, with continued poor weather into 2H19.

FY19 was on the back of significant acquisition activity in the Adventure Experiences business in FY17 and FY18, and as a result the downturn in market conditions (relative to the trading highs of FY16 and FY17) and slower than anticipated integration has had a material impact on Group earnings.

Great Barrier Reef visitation volume, ex-Cairns marina was down 8% on FY18. While at a portfolio level our brands increased market share in terms of volume, it included a shift to lower yielding products.

Great Barrier Reef Helicopters had a challenging year, which included the loss of a key tourism customer contract from 1 April 2019 which led to a rebalance to commercial work, including an investment in additional helicopters and associated ancillary plant & equipment. FY19 also saw capital investment in the helicopter fleet driven by time life component and overhaul requirements. Capital intensity and asset management specialisation continue to be defining features of the Great Barrier Reef Helicopter business and we are considering the strategic position of this business in the Group's portfolio.

COMMENTARY ON THE RESULTS (CONTINUED)

The full year contribution of FY18 acquisitions, being Great Barrier Reef Helicopters, Big Cat Green Island and Tropical Journeys (Calypso and Daintree Tours) was offset by the impact of the deterioration in tourism trading conditions in the region in FY19.

CORPORATE

FY19 saw a transition in the Board and Management team. This included the appointment of Bob East as Chairman in October 2018 with a number of key management leadership changes effected in 2H19, with the recent appointment of CEO, John O'Sullivan and CFO, Owen Kemp and GM Corporate Development, Ian Douglas earlier in the half.

CAPITAL MANAGEMENT

Due to the lower than anticipated earnings and cashflows in the period and considering the net debt position of the Group at 30 June 2019 and trading momentum into the first quarter of FY20, the Directors have decided that no dividend will be paid in relation to FY19. It is the Directors' view that this is a prudent measure in the short term and will facilitate balance sheet flexibility to retain optionality through the strategic review process outlined below.

During the period the Group has continued to work closely with its incumbent lender, NAB, and has extended the maturity of its corporate debt facilities by six months to October 2020. The Group remains compliant with the debt covenants under the Multi Option Finance Facility, and is relatively lowly geared with a net debt to Underlying EBITDA ratio of 1.1x

OUTLOOK AND STRATEGY

The Group has commenced a strategic review of the Group's portfolio of assets and operations.

The strategic review will examine options and initiatives to address recent share price underperformance. This will take into consideration the medium and long term growth prospects for each of the Group's operating businesses, brands and geographies.

The Group will keep shareholders informed of any relevant developments arising from the strategic review and will provide an update at the company's Annual General Meeting in November 2019.

RECONCILIATION OF NET PROFIT AFTER TAX TO NON-AAS MEASURES

	30 June 2019 $'000	30 June 2018 $'000
NET PROFIT AFTER TAX	**(48,257)**	**6,785**
Depreciation and amortisation	13,950	13,492
Finance costs (net of interest revenue)	1,613	1,722
Income tax expense / (benefit)	(10,575)	3,531
Impairment of goodwill and other intangibles	52,570	-
Impairment of property, plant & equipment and other assets	9,964	1,746
Earnings before interest, taxes, depreciation, amortisation (EBITDA)	**19,265**	**27,411**
Non-cash items:		
Acquisition and consolidation adjustments	4,776	-
Onerous leases	833	-
Other asset write down	569	-
Share based payments	233	-
One-off items	1,507	2,761
Significant items subtotal	**7,918**	**2,761**
Underlying EBITDA[1]	**27,183**	**30,172**
Depreciation and software amortisation	**(10,560)**	**(10,328)**
Underlying EBITA[2]	**16,623**	**19,844**

NOTES

[1] EBITDA adjusted for significant items being specific non-cash or one-off items.

[2] Underlying EBITA is Underlying EBITDA less depreciation and software amortisation.

IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLES

The impairment is attributable to lower than anticipated benefits from integration and softer tourism trading conditions in the Tropical North Queensland region which has contributed to adverse impacts on projected cashflows. The Group notes that as at the date of the calculations it has commenced a strategic review of the Adventure Experiences segment that may lead to changes in the projected cash flows but as no formal plans had been implemented and/or sufficiently progressed any initiatives to improve future cash flows were not factored into the recoverable amount calculations.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, AND OTHER ASSETS

Consists of assessment of specific assets with indicators of impairment (principally relating to the Adventure Experiences segment) and the impact of the AASB 116 which requires fair value movements for those asset classes carried at fair value (aircraft and helicopters) to be recognised on an individual asset basis.

Fixed wing and rotary impairments of $5.4 million were recognised in Reported EBITDA, with $4.7 million revaluation increment recognised below the line in other comprehensive income (i.e. a net impairment in carrying value of $0.7 million).

The impairment charges recognised are non-cash in nature and have no impact on the Group's compliance with banking facility covenants.

RECONCILIATION OF NET PROFIT AFTER TAX TO NON-AAS MEASURES (CONTINUED)

SIGNIFICANT ITEMS

Significant items in the financial year ending 30 June 2019 of $7.9 million comprised a number of one-off items, predominately non-cash in nature. The non-cash significant items, totaling $6.4 million included:

- Acquisitions and consolidation adjustments from prior years relating to the reconciliation of balance sheet items, including the results of 30 June 2019 reconciliation review of assets and liabilities for $4.8m
- Initial recognition of provision in relation to onerous operating leases
- Asset write-downs relate to an assessment of capitalised development costs
- Share-based payments – non-cash recognition of share options expense

Other one-off items are those significant items that are non-recurring in nature and largely related to the integration of acquisitions made in the 30 June 2018 financial year and the management transition that occurred during the financial year. These one-off items included $0.7 million restructuring and recruitment costs, $0.4 million legal & advisory costs for significant one-off projects and $0.4 million of other one-off items.

Significant items in FY18 ($2.8 million) principally related to business acquisition due diligence and advisory fees, rebranding project costs and office renovation expenses.

EBITDA and EBITA are financial measures which are not prescribed by Australian Accounting Standards ("AAS"). EBITDA represents the profit under AAS adjusted for interest, income taxes, impairment, depreciation and amortisation. The Directors consider EBITDA to reflect the operational earnings of the Group. EBITA represents EBITDA less depreciation and software amortisation.

Underlying EBITDA and Underlying EBITA are financial measures not prescribed by AAS and represent respectively the EBITDA and EBITA (as set out above) adjusted for significant items.

EVENTS AFTER THE END OF THE PERIOD

No matter or event has arisen since 30 June 2019 that has significantly affected the Group's operations, results or state of affairs.

OUTLOOK

FY20 has started with the leadership team, led by the new CEO, commencing a strategic review of the business with a renewed focus on the core business, organic growth, driving improved operational and revenue performance and achieving efficiencies in corporate support functions aimed at capitalising on the ongoing growth in the overall tourism sector in our region and delivering shareholder value in FY20 and beyond.

DIVIDENDS

Dividends paid or declared for payment during the financial year are as follows:

- On 28 September 2018, a fully franked dividend of $0.01 cent per share was paid out of retained profits at 30 June 2018, amounting to $5,558,118.
- A dividend for FY19 has not been declared with the Group adopting a prudent approach to capital management to maintain balance sheet optionality in the short term.

OPTIONS & RIGHTS

Unissued ordinary shares of Experience Co Limited in respect of options or rights at the date of this report are as follows:

SECURITY TYPE	GRANT DATE	EXERCISE PRICE $	VESTING DATE	EXPIRY DATE	NO OF RIGHTS
Options over shares	5 March 2015	0.25	Refer below[1]	9 February 2025	10,300,000

[1] Options have vested

SECURITY TYPE	GRANT DATE	EXERCISE PRICE $	VESTING DATE	EXPIRY DATE	NO OF RIGHTS
Service Rights over Shares	30 November 2018	nil	Refer below[1]	Refer below[1]	1,120,029
Service Rights over Shares	4 March 2019	nil	4 March 2020	31 March 2020	540,540
Performance Rights over Shares	4 March 2019	nil	4 March 2020	31 March 2020	360,360

[1] Vesting is in three equal annual instalments commencing on 30 November 2019 and ending on 30 November 2021, with an expiry date 30 days after each vesting date.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There no significant changes in the state of affairs of the Group in the period.

KEY RISKS

There are various risks that could impact the business and the nature and impact of these change over time.

Key risks identified have been categorised into four categories being Operational, Commercial, Strategic and Compliance. The key risks and responses are outlined below:

Risk Category	Responses
Operational	
Safety of customers, employees and suppliers	• Ongoing compliance and training • Safety audits • Maintenance of equipment
Condition and standard of property, plant and equipment	• Investment (capital and operational spend) in and management of equipment maintenance and rejuvenation programs • Maintain adequate insurances
Operating footprint for key operational activities (operational sites, office locations and retail premises)	• Manage renewal terms of key facilities agreements and relationships with key industry suppliers • Monitor ongoing development approvals, infrastructure, policies and changes to legislation • Develop contingency • Assessment of office locations across the business
Commercial	
Efficient financial management, systems and reporting	• Implement, maintain and manage adequate financial reporting systems and processes
Keep up with technology in rapidly changing environment	• Ensure IT environment and resourcing is appropriate for the business and addresses the challenges of rapidly changing trends and consumer behavior
Strategic	
Ability to recruit and retain key employees and contractors	• Monitor employment and contractor demand and supply trends • Assessment of key roles, including contingency, succession and retention strategies
Growth and capital management	• Manage growth strategy including key criteria for investment (organic and acquisition), and return on invested capital • Maintain relationships with financiers and investors • Implement appropriate capital structure
Slower than anticipated market conditions in key operating areas	• Monitor market trends impacting the business or sectors of the business • Implement strategies for flexibility to meet emerging market demand conditions

Impact of the environment on key tourist destinations including the Great Barrier Reef	• Carry out activities in compliance with environmental permits and regulations • Commitment to best practice operations to protect the Great Barrier Reef and the environment as a whole, including investment in reef and marine biology education to enhance customer awareness and experience
Compliance	
Risk of non-compliance with laws and regulations	• Manage within all relevant laws that govern all aspects of the business and manage ongoing compliance

ENVIRONMENTAL

The Group holds relevant and valid permits under regulatory bodies such as the Great Barrier Reef Marine Park Authority (GBRMPA) and Queensland Parks and Wildlife Service (QPWS) and the Group carries out its activities within the guidelines prescribed by such regulators. Compliance with existing environmental regulations and new regulations are monitored annually. The Group continues to support best practice operations with a focus on protection of the Great Barrier Reef and the environment as a whole. This process includes procedures to be followed should an incident adversely impact the environment. The directors are not aware of any material breaches during the period covered by this report.

CORPORATE GOVERNANCE STATEMENT

The Group and the Directors are committed to achieving and demonstrating a high standard of corporate governance. A copy of the Group's corporate governance statement current as at 30 September 2019 can be found on the Company's website (www.experienceco.com).

INSURANCE OF OFFICERS & AUDITOR (AND AUDITOR INDEMNITY)

OFFICERS

The Company insures all past, present and future directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity as directors of the company, other than conduct involving a willful breach of duty in relation to the Company. The premium payable for 2019, including statutory charges, is $249,397 (2018: $198,782) and the Company has elected to pay this premium by instalments.

AUDITOR

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the Audit Committee, are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- The nature of the non-audit services provided do not materially affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to RSM Australia for non-audit services provided during the year ended 30 June 2019:

	$
Taxation services	96,752
Other services	4,000
	100,752

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 37 of the annual report.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instruments 2016/191 issued by ASIC, relating to (Rounding Off). Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Kerry Robert (Bob) East
Chairman

Date: 30 September 2019

REMUNERATION REPORT

Dear Shareholder

On behalf of the Board, I am pleased to present the Experience Co Limited (EXP) FY19 Remuneration Report.

Due to softer than anticipated trading performance in FY19, factors of which are referred to in the directors' report, FY19 KPI targets were not met and therefore no short-term incentives for FY19 were awarded to Senior Executives including the KMP.

During FY19, the Board approved:

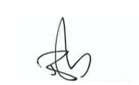
- Implementation of a revised short-term incentive plan (STI) to provide Senior Executives with a requirement that 30% of any STI award be in the form of Deferred Service Rights which convert to ordinary shares following a further service requirement.
- Grant of Service Rights to Non-Executive Directors (NEDs) facilitated by each NED sacrificing Director fees in consideration for the grant of NED Service Rights, as a mechanism for NEDs to increase their equity in the Company in order to better align their interests with those of shareholders.
- Grant of Service Rights to the Executive Chair in lieu of fixed remuneration for his additional executive role while the search for a replacement Chief Executive Officer (CEO) took place.
- A one-off grant of Performance Rights to the Chief Financial Officer (CFO) subject to performance metrics, for additional contribution required, following the resignation of the Chief Executive Officer.
- A new long-term incentive plan (LTI) to commence in FY20 for executive KMP.

At the 2019 Annual General Meeting, approval of the following will be sought:

- The grant of Service Rights to the new CEO appointed in July 2019, in accordance with the terms of his appointment.
- The grant of Performance Rights to the CEO subject to long-term performance based vesting conditions;

Details of the grants will be included in the Notice of Annual General Meeting.

Yours faithfully



Kerry Robert (Bob) East
Chairman
Nomination and Remuneration Committee

This Remuneration Report forms part of the Directors' Report for the year ended 30 June 2019 and has been audited in accordance with the Corporations Act 2001.

The report includes the following:

- Remuneration policy and governance
- Key Management Personnel
- Remuneration framework
- Remuneration outcomes for FY19
- KMP remuneration schedules
- Summary of KMP employment conditions
- Key Changes to Remuneration for Financial Year 2020
- Non-Executive Director remuneration
- KMP Shareholdings
- Transactions with related parties

REMUNERATION POLICY AND GOVERNANCE

The Remuneration and Nomination Committee reviews Senior Executive remuneration packages annually with reference to the Group's financial performance, the performance of the individual Senior Executive and relevant comparable industry information. The Committee met 3 times during the year. Members of the Committee during FY19 were:

Bob East (Chair) (Appointed August 2018)
John Diddams
Colin Hughes

The remuneration policy aims to ensure that the remuneration structures:

- Are aligned to the business needs, goals and objectives
- Are competitive and reasonable
- Enable the Company to attract and retain a high calibre of Senior Executives
- Promotes long term sustainable growth in shareholder value

During the year, the Remuneration and Nomination Committee engaged external remuneration consultants Crichton and Associates (Crichton) to assist the Company with the implementation of a remuneration structure appropriate for the Company and for advice in relation to grants in accordance with the remuneration structure. Crichton was paid $48,018 for their services. In accordance with the Corporations Act, 2001, Crichton has declared, and, on that basis, the Board is satisfied that their advice has been provided free of any undue influence by any member of the KMP or Senior Executive.

In November 2018, the Company established a new EXP Employee Incentive Plan (EEIP) designed to encourage employees to share in the ownership and promote the long-term success of the Company. Employees under the EEIP include full-time or permanent part-time employees or officers and Directors[1] of the Company or any related body corporate of the Company.

The EEIP is designed with flexibility to grant awards including Service Rights (subject to service based vesting conditions) and Performance Rights (subject to long-term performance based vesting conditions) as part of STIs and LTIs. Participation in the EEIP is at the Board's discretion.

[1] It is Company policy that Non-Executive Directors do not participate in performance-based remuneration

KEY MANAGEMENT PERSONNEL

The Key Management Personnel (KMP) for the Group for FY19, are those persons whose remuneration must be disclosed in this report and includes Non-Executive Directors, Executive Directors and members of the Senior Executive who have the authority and responsibility for planning, directing and controlling the activities of the Group. As a result of the leadership changes during the year and the simplification of the corporate structure, the Board reviewed the Group's KMP's in line with the above relevant criteria and considered the following persons to be KMP of the Group in FY19.

KMP	POSITION
NON-EXECUTIVE DIRECTORS	
Bob East[1]	Independent Non-Executive Director
John Diddams	Independent Non-Executive Director
Colin Hughes	Independent Non-Executive Director
EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT	
Anthony Boucaut[2]	Managing Director
Owen Kemp[3]	Chief Financial Officer
Ian Douglas[4]	General Manager – Corporate Development
Anthony Ritter[5]	Chief Executive Officer
Philip Turner[6]	Chief Financial Officer

NOTE

[1] Bob East was appointed as a Non-Executive Director on 30 April 2018. On 26 October 2018 he was appointed Chair of Board. Following Anthony Ritter's resignation, Bob East assumed the role of Executive Chair on 13 February 2019 until new CEO John O'Sullivan joined the Group on 29 July 2019.

[2] Anthony Boucaut transitioned to Non-Executive Director on 2 September 2019.

[3] Owen Kemp appointed on 11 February 2019.

[4] Ian Douglas appointed on 4 March 2019.

[5] Anthony Ritter resigned on 13 February 2019.

[6] Philip Turner resigned on 25 September 2018.

Clark Scott and Steve O'Malley are no longer considered to be KMP of the Company – their remuneration information is therefore only included in respect of FY18

VOTING AT THE COMPANY'S ANNUAL GENERAL MEETING

EXP received more than 94% of "yes" votes on its remuneration report for the 2018 financial year.

REMUNERATION FRAMEWORK

KEY COMPONENTS OF REMUNERATION: FINANCIAL YEAR 2019

FIXED REMUNERATION

COMPOSITION	Fixed remuneration comprises salary, superannuation and other fixed elements of remuneration such as vehicle allowances
DETERMINATION	Fixed remuneration is determined based on market comparisons for similar positions, taking into account the experience and skills of the manager involved
REVIEW	Fixed remuneration is determined on appointment and reviewed annually

SHORT-TERM INCENTIVE (STI)

PURPOSE	Reward for annual performance using performance metrics that will drive longer term shareholder value
PARTICIPATION	Executive KMP and other Senior Executives
OPPORTUNITY	Maximum STI opportunity as a percentage of fixed remuneration is 50% for the CEO, CFO and GM Corporate Development and 45% for other Senior Executives
PERFORMANCE PERIOD	Performance is measured from 1 July to 30 June
PERFORMANCE MEASURES	STI awards are based on the Group achieving internal Group budgeted EBITDA as well as specific Key Performance Indicators (KPIs) covering financial or financial related metrics (up to 80% weight) and non-financial (being the % balance) metrics relevant to the role and responsibility of the respective Senior Executive aimed at ongoing improved operational performance and growth and development of the business. Assessment and payment of any incentive is based on the audited financial results for FY19 and remains at the discretion of the EXP Board
PAYMENT	Any outcome from the STI is settled with 70% in cash and 30% in the form of Deferred Service Rights (DFRs). Vesting of DFRs occurs two years from grant date and KMPs and Senior Executives must remain employed until the vesting date
CLAWBACK	An Executive Clawback Policy applies to Participants ensuring an alignment of the remuneration outcomes of Senior Executives of the Company with the experiences of the shareholders of the Company

ONE-OFF GRANT OF PERFORMANCE RIGHTS TO CFO

Given the changes in leadership during the year, in March 2019, the Board granted the CFO a one-off grant of 360,360 Performance Rights determined by dividing $100,000 by $0.2775 (the 5-day VWAP of EXP shares traded on the ASX calculated up to and including 26 February 2019). The Performance Rights are subject to both performance and service conditions and reflect the additional duties undertaken while the search for a new CEO was undertaken. Key features of the grant are:

KEY DETAILS OF THE PERFORMANCE RIGHTS GRANTED TO THE CFO	• No cash consideration is payable on the issue or exercise of the Performance Rights • Each Performance Right entitles the CFO to receive, upon vesting and exercise, one EXP Share • The Performance Rights will vest on 4 March 2020 subject to the CFO meeting performance and service conditions as agreed on grant: ➢ Supporting the Executive Chairman until appointment of the new CEO; ➢ Undertaking and completing a restructure of financial systems, procedures and controls and completing the implementation of new accounting and financial processes and systems prior to 30 June 2019 to ensure improved accuracy, efficiencies and timing of delivery of internal management, Board and public reporting as required by the business • Continued employment by the Group until the vesting date • The satisfactory completion of the performance hurdles will be determined by the Chair of the Board. Performance Rights expire on 31 March 2020

LONG-TERM INCENTIVES

As a result of the leadership changes during the year, the Board decided not to make any LTI grants in FY19. Refer to page 31 for details regarding the LTI which has been developed for FY20.

REMUNERATION OUTCOMES FOR FY19

FY19 PERFORMANCE LINKED TO REMUNERATION

EXP aims to align Senior Executive remuneration to objectives aimed at the creation of shareholder value. Incentives for Senior Executives are based on achieving internal Group financial and non-financial metrics. The table below shows the Group's financial performance over the last five years as required by the Corporations Act.

	2019	2018	2017	2016	2015
Sales revenue ($'000)	161,296	135,300	89,566	58,473	26,320
EBITDA ($'000)	19,265	27,411	20,988	13,457	6,025
Underlying EBITDA ($'000)	27,183	30,172	20,988	13,457	6,025
Net profit/(loss) for the year ($'000)	(48,257)	6,785	9,482	7,158	2,468
Market capitalisation ($'000)	141,730	355,720	287,019	202,114	91,056
Dividends paid ($'000)	5,558	4,349	3,963	2,937	-
Earnings per share (cents)	(8.68)	1.34	2.24	2.1	1.13
Share price at financial year end ($)	0.23	0.64	0.66	0.51	0.31
Dividends paid (cents per share)	0.01	0.01	0.01	0.01	-
Total KMP Incentives as % of underlying EBITDA	0.0%	0.79%	2.12%	2.42%	-

STI PERFORMANCE OUTCOMES

Assessment and payment of STI is based on audited financial results. As internal Group EBITDA targets were not met in FY19, no STIs were paid to executive KMP in FY19.

KMP REMUNERATION SCHEDULES

The following tables of benefits and payments represent the components of the current year and comparative year remuneration expenses for each member of KMP of the group. Such amounts have been calculated in accordance with Australian Accounting Standards.

TABLE OF BENEFITS AND PAYMENTS FOR THE YEARS ENDED 30 JUNE 2019 AND 30 JUNE 2018

	SHORT-TERM BENEFITS				POST EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	
NON-EXECUTIVE DIRECTORS	Salary, Fees and Leave $[1]	Profit Share and bonuses $	Fringe benefits Tax $	Travel Allowances $	Pension and superannuation $	LSL $	Total $
Kerry Robert (Bob) East							
FY 2019	185,685	-	-	-	14,315	-	200,000
FY 2018	22,831	-	-	-	2,169	-	25,000
John Diddams							
FY 2019	161,000	-	-	-	-	-	161,000
FY 2018	161,000	-	-	-	-	-	161,000
Colin Hughes							
FY 2019	110,538	-	-	-	9,462	-	120,000
FY 2018	109,589	-	-	-	10,411	-	120,000
William Beerworth							
FY 2019	-	-	-	-	-	-	-
FY 2018	166,375	-	-	-	-	-	166,375
Total Non-Executive Directors FY19	**457,223**	**-**	**-**	**-**	**23,777**	**-**	**481,000**
Total Non-Executive Directors FY18	459,795	-	-	-	12,580	-	472,375

[1] Salary, Fees and Leave amounts relating to Bob East, Colin Hughes and John Diddams include amounts sacrificed for the grant of Service Rights during the year

	SHORT-TERM BENEFITS				POST EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	TOTAL $
EXECUTIVE DIRECTORS	Salary, Fees and Leave $	Profit Share and bonuses $	Fringe benefits Tax $	Travel Allowances $	Pension and superannuation $	LSL $	Total $
Anthony Boucaut							
FY 2019	365,158	-	9,283	-	34,124	-	408,565
FY 2018	250,000	-	13,195	47,670	23,750	-	334,615
Anthony Ritter[1]							
FY 2019	255,859	-	10,139	-	23,750	-	289,748
FY 2018	291,666	60,000	17,402	47,670	27,708	-	444,446
Other KMP							
Owen Kemp[2]							
FY 2019	136,385	-	-	-	8,555	-	144,940
FY 2018	-	-	-	-	-	-	-
Ian Douglas[3]							
FY 2019	94,423	-	-	-	6,844	-	101,267
FY 2018	-	-	-	-	-	-	-
Steve O'Malley[4]							
FY 2019	-	-	-	-	-	-	-
FY 2018	217,542	-	-	-	20,666	-	238,208
Clark Scott[4]							
FY 2019	-	-	-	-	-	-	-
FY 2018	150,839	167,861	17,827	-	-	-	336,527
Phillip Turner[5]							
FY 2019	142,844	-	-	-	8,057	-	150,901
FY 2018	197,933	10,000	-	1,400	19,431	-	228,764
Total Executive Directors and Other KMP FY19	**994,669**	**-**	**19,422**	**-**	**81,330**	**-**	**1,095,421**
Total Executive Directors and Other KMP FY18	1,107,980	237,861	48,424	96,740	91,555	-	1,582,560

NOTE

[1] Anthony Ritter resigned on 13 February 2019

[2] Owen Kemp appointed on 11 February 2019

[3] Ian Douglas appointed on 4 March 2019

[4] Clark Scott and Steve O'Malley are no longer considered to be KMP of the Company – their remuneration information is therefore only included in respect of FY18

[5] Phillip Turner resigned on 25 September 2018

EQUITY-SETTLED SHARE BASED PAYMENTS

KMP	TYPE OF EQUITY	FY19 EXPENSES $ [1]
Bob East	NED Service Rights	61,521
Colin Hughes	NED Service Rights	19,225
John Diddams	NED Service Rights	42,039
Bob East	Service Rights	60,176
Owen Kemp	Performance Rights	40,118

The above table represents the portion the rights issued during FY19 for Service Rights and Performance Rights that were expensed in the current year as per independent valuation. Refer to page 35–36 of the annual report for the fair value and total number of rights that this current year expense relates to.

SUMMARY OF EXECUTIVE KMP EMPLOYMENT CONDITIONS AS AT 30 JUNE 2019

KMP	TERM OF AGREEMENT	NOTICE PERIOD	TERMINATION ENTITLEMENTS
Anthony Boucaut[1]	No definite term	3 months	3 months
Owen Kemp	No definite term	6 months	During the first 12 (twelve) months of Owen's employment, if the Company has a change of ownership structure and as a result Owen's role is terminated, the Company will pay Owen the equivalent to an additional 6 (six) months' notice
Ian Douglas	No definite term	3 months	3 months

[1] Anthony Boucaut transitioned to Non-Executive Director on 2 September 2019.

KEY CHANGES TO REMUNERATION FOR FINANCIAL YEAR 2020

LONG TERM INCENTIVE (LTI)

The Directors understand that alignment of the longer term interests of Senior Executives with that of shareholders promotes longer term growth of the Company. Therefore, a new long-term incentive plan for Senior Executives has been developed. The Board has approved the award of Performance Rights to key Senior Executives subject to long-term performance based vesting conditions aligned with general market practice. The 2019 Notice of Annual General meeting will include details of the grant to Executive Director and CEO, John O'Sullivan and it is expected that the Performance Rights will be issued shortly after the Annual General Meeting. It is the Board's intention that LTI Performance Rights will be granted on an annual basis. Key details of the FY20 LTI are set out below;

PARTICIPATION	Executive KMP
OPPORTUNITY	LTI opportunity as a percentage of fixed remuneration is 50%
DELIVERY	Performance Rights
PERFORMANCE MEASURES	50% of the Performance Rights will vest subject to meeting targets based on absolute Total Shareholder Return (TSR), and 50% of the Performance Rights will vest subject to meeting targets based on Return on Invested Capital (ROIC)
PERFORMANCE PERIOD	Performance will be measured over three years

SERVICE RIGHTS GRANTED TO CEO, JOHN O'SULLIVAN

As referred to in the ASX announcement on 6 May 2019, in accordance with the terms of the appointment of the new CEO, the Board agreed to award to the CEO 439,560 Service Rights determined by dividing $120,000 by $0.273 (the 5-day VWAP of EXP shares traded on the ASX calculated up to and including 6 May 2019). The proposed grant provides the CEO with equity participation in the Company, aligns the interests of the CEO with those of shareholders. The 2019 Notice of Annual General meeting will include details of the terms of the grant of Service Rights and it is expected that the Service Rights will be granted shortly after the 2019 Annual General Meeting.

NON-EXECUTIVE DIRECTOR REMUNERATION

The Board's policy is to remunerate Non-Executive Directors (NEDs) based on market related fees for time, commitment and responsibilities as NEDs of the Company. The Remuneration and Nomination Committee determines fees payable to NEDs and reviews their remuneration regularly, based on market practice, duties and accountability.

A SUMMARY OF THE KEY REMUNERATION MATTERS FOR NED'S FOR THE FY19 YEAR ARE AS FOLLOWS:

Non-Executive Directors receive a director's fee and fees (inclusive of Superannuation), for chairing or participating on Board Committees, refer below. A portion of Director fees are sacrificed by each NED in lieu of the grant of Service Rights.

BASE FEES INCLUSIVE OF SUPERANNUATION ARE AS FOLLOWS

ROLE	FEE PER ANNUM
Chair of Board	$200,000 *
Deputy Chair of Board	$116,000
Other Non-Executive Directors	$85,000
Chair of Committee	$25,000
Member of Committee	$20,000

*Includes fees for membership of the Audit & Risk Committee and Chair of the Remuneration and Nomination Committee.

The maximum annual aggregate of the Director's fee pool is $750,000. Any change to this aggregate annual amount is required to be approved by Shareholders.

All Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment.

NED SERVICE RIGHTS

It is the Board's view that alignment of the interests of shareholders with that of NEDs is in the best interest of all stakeholders and that NEDs of the Company develop an "equity ownership position" in the Company. In November 2018, the Board approved the grant of NED Service Rights to NEDs facilitated by each NED sacrificing Director fees in consideration for the grant of NED Service Rights. The Service Rights are not subject to performance conditions. Each NED elects to sacrifice between 15% and 30% of their Director fees over a period of three years. The number of Service Rights granted to NEDs in November 2018 was determined by dividing the amount elected by each NED by $0.347 (the 5-day VWAP of EXP shares traded on the ASX calculated up to and including 29 November 2018).

NED SERVICE RIGHTS			
NED	% of NED Remuneration received as NED Service Rights	Amount Sacrificed $	NED Service Rights issued
Bob East	30%	180,000	518,732
John Diddams	25%	123,000	354,467
Colin Hughes	15%	56,250	162,104

KEY CRITERIA OF THE NED SERVICE RIGHTS ISSUED	
	• No cash consideration is payable on exercise of the Service Rights. • Each Service Right entitles the NED to receive, upon vesting and exercise, one EXP Share • The Service Rights will vest over three years. Should a NED resign, Service Rights that vest will be in line with the amount of Director fee sacrificed up to date of resignation. The remaining Service Rights will lapse

SERVICE RIGHTS GRANTED TO EXECUTIVE CHAIRMAN (BOB EAST)

Bob East assumed the role of Executive Chairman during the search for a new CEO. The Board (excluding Bob East) approved the grant of Service Rights to Bob, in lieu of fixed remuneration, based on a fair and reasonable assessment of remuneration for an executive of Bob's calibre and experience, for his role as Executive Chairman of EXP. In March 2019, the Board granted the Executive Chair 540,540 Service Rights determined by dividing $150,000 by $0.2775 (the 5-day VWAP of EXP shares traded on the ASX calculated up to and including 26 February 2019). In addition, the grant of Service Rights serves to align the interests of the Executive Chairman with that of shareholders of the Company.

KEY CRITERIA OF THE SERVICE RIGHTS GRANTED TO BOB EAST	
	• No cash consideration is payable on the issue of the Service Rights • Each Service Right entitles the Executive Chairman to receive, upon vesting and exercise, one EXP Share • The Service Rights will vest on 4 March 2020 • Each of the Service Rights expire on 31 March 2020

The above Services Rights have been granted without shareholder approval and therefore settlement of vesting is restricted to 'on market' purchase only.

KMP SHAREHOLDINGS

ORDINARY SHARES

The table below shows the number of ordinary shares held in the Company by KMP during the year, including their close family members and entities related to them.

The EXP Securities trading policy applies to all Directors and Senior Executives and restricts the dealing in shares during certain periods.

KMP	BALANCE AT BEGINNING OF YEAR	CHANGES DURING THE YEAR	BALANCE AT END OF YEAR
Bob East	-	700,000 (on market purchase)	700,000
John Diddams	2,340,545	100,000 (on market purchase)	2,440,545
Colin Hughes	-	-	-
Anthony Boucaut	180,048,044	300,000 (on market purchase)	180,348,044
Owen Kemp	-	-	-
Ian Douglas	-	-	-
Anthony Ritter[1]	3,383,970	NA	NA
Phillip Turner[1]	20,000	NA	NA

[1] Anthony Ritter and Phillip Turner resigned during the year. Their shareholdings are therefore no longer required to be provided.

John O'Sullivan appointed on 29 July 2019 therefore not included.

OPTIONS, SERVICE RIGHTS OR PERFORMANCE RIGHTS HELD BY KMP

The fair value of Options, Performance Rights and Service Rights granted as remuneration and as shown in the below tables has been recognised in accordance with Australian Accounting Standards and have been recognised as an expense over the relevant vesting period.

OPTIONS HELD BY KMP

KMP	OPENING BALANCE	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	CLOSING BALANCE	EXERCISE PRICE $	DATE OF EXPIRY
Anthony Boucaut	3,000,000	-	-	3,000,000	0.25	9 Feb 2025
John Diddams	1,500,000	-	-	1,500,000	0.25	9 Feb 2025
Anthony Ritter	2,500,000	-	-	2,500,000	0.25	9 Feb 2025

- All options have vested and therefore no further expense is recognised in FY19
- No options were exercised during the year
- Anthony Ritter resigned on 13 February 2019

PERFORMANCE RIGHTS GRANTED TO KMP

KMP	OPENING BALANCE	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	CLOSING BALANCE	FAIR VALUE AT GRANT DATE $	FAIR VALUE AT GRANT DATE PER SHARE $	EXERCISE PRICE $	VESTING DATE	DATE OF EXPIRY
Owen Kemp	-	360,360	-	360,360	124,432	0.3453	nil	4 March 2020	31 Mar 2020

- Details of Performance Rights granted are included on pages 26 of the annual report
- No Performance Rights vested during the year

SERVICE RIGHTS GRANTED TO KMP

NON-EXECUTIVE DIRECTOR SERVICE RIGHTS – BOARD FEES SACRIFICED									
KMP	OPENING BALANCE	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	CLOSING BALANCE	FAIR VALUE AT GRANT DATE $	FAIR VALUE AT GRANT DATE PER SHARE $	EXERCISE PRICE $	VESTING DATE	DATE OF EXPIRY
Bob East	-	518,732	-	518,732	171,648	Refer below[1]	nil	Refer below[2]	Refer below[2]
John Diddams	-	354,467	-	354,467	117,293	Refer below[1]	nil	Refer below[2]	Refer below[2]
Colin Hughes	-	162,104	-	162,104	53,640	Refer below[1]	nil	Refer below[2]	Refer below[2]

NOTE
[1] Fair value at grant date is $0.3403 for Tranche 1, $0.3308 for Tranche 2 and $0.3216 for Tranche 3
[2] Vesting is in three equal annual instalments commencing on 30 November 2019 and ending on 30 November 2021, with an expiry date 30 days after each vesting date

- Details of Service Rights granted are provided on pages 32 of this remuneration report
- No Service Rights vested during the year

SERVICE RIGHTS – IN LIEU OF FIXED REMUNERATION FOR ROLE AS EXECUTIVE CHAIR OF BOARD									
KMP	OPENING BALANCE	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	CLOSING BALANCE	FAIR VALUE AT GRANT DATE $	FAIR VALUE AT GRANT DATE PER SHARE $	EXERCISE PRICE $	VESTING DATE	DATE OF EXPIRY
Bob East	-	540,540	-	540,540	186,648	0.3453	nil	4 Mar 19	31 Mar 20

- Details of Service Rights granted are provided on pages 33 of this remuneration report
- No Service Rights vested during the year

INFORMATION RELATING TO EQUITY BASED AWARDS SUBSEQUENT TO 30 JUNE 2019

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings

TRANSACTIONS WITH RELATED PARTIES

LOANS TO KMP

The Group has unsecured loans to Boucaut Enterprises Pty Limited, a related entity associated with Anthony Boucaut for loans totaling $1,275,694 of which the loans expire on 28 February 2021 and 30 June 2023 details of which can be found at note 29(c).

LOANS TO KEY MANAGEMENT PERSONNEL

	2019 NON CURRENT $000	2019 CURRENT $000	2019 TOTAL $000
Beginning of the year	1,287,618	300,000	1,587,618
Total Interest Adjustments during the year	(50,401)		(50,401)
Loans Advanced for the period	153,448		153,448
Cash Repayments for the period	(135,000)		(135,000)
Other Repayments for the period	(320,981)		(320,981)
Interest charged	41,010		41,010
End of year	975,694	300,000	1,275,694

Note that during the 2019 financial year, the highest amount of KMP indebtedness from this entity was $1,323,990.

OTHER TRANSACTIONS WITH KMP AND/OR THEIR RELATED PARTIES

Apart from those transactions disclosed in this Remuneration Report relating to equity, compensation and loans, the only other transactions with related parties relates to operating leases which are set out in further detail in in Note 29 to the Financial Report.

RSM

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500
F +61 (0) 2 8226 4501

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Experience Co Limited and controlled entities for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

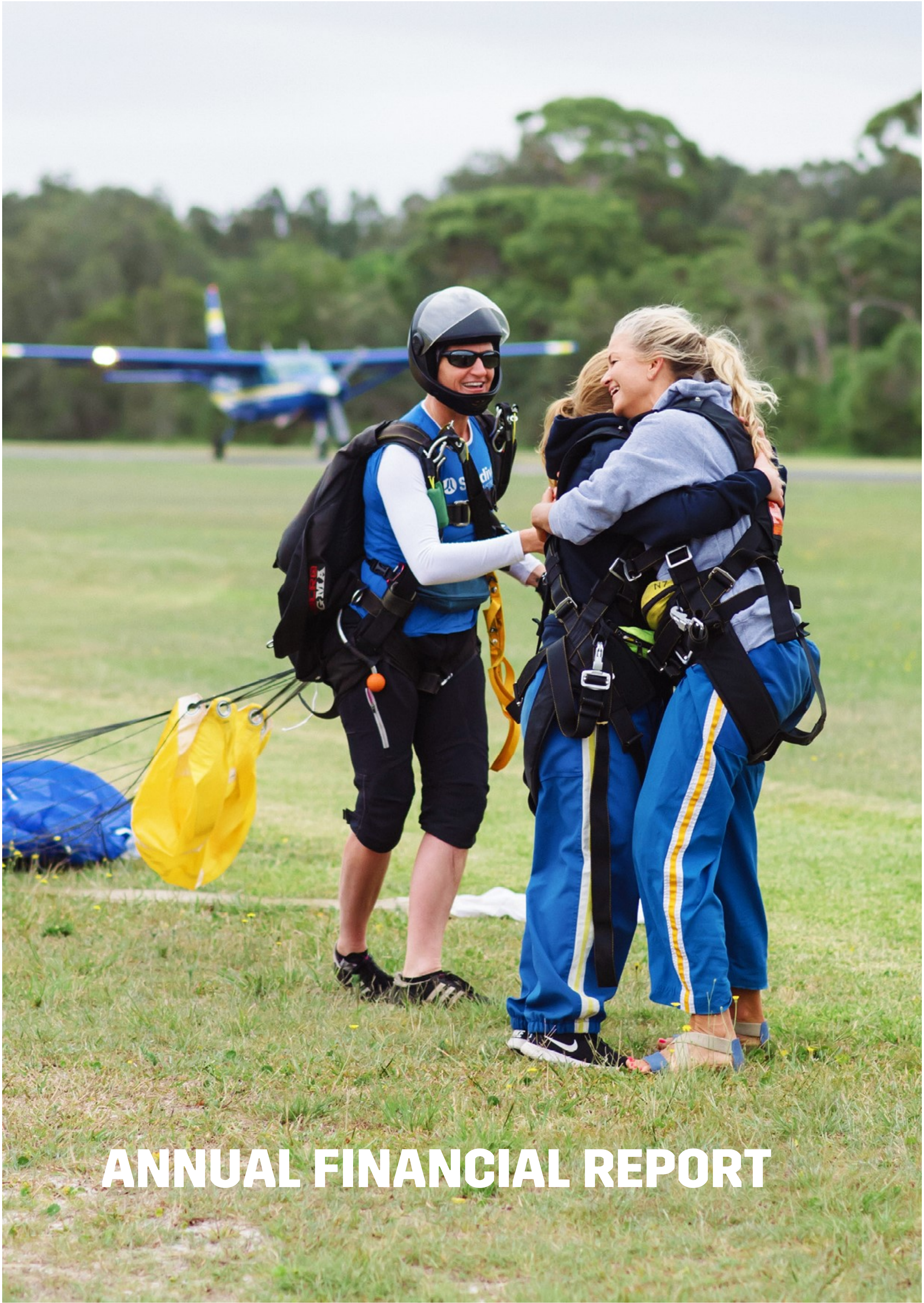
(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

C J Hume
Partner

Sydney, NSW
Dated: 30 September 2019



ANNUAL FINANCIAL REPORT

Experience Co Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2019

	NOTE	2019 $000	2018 $000
Sales revenue	4	**161,296**	135,300
Cost of sales	5	**(98,077)**	(79,647)
Gross profit		**63,219**	55,653
Other income	4	**1,481**	1,363
Administrative and corporate expenses		**(29,525)**	(22,730)
Occupancy expenses		**(3,746)**	(3,520)
Depreciation and amortisation expenses		**(13,950)**	(13,492)
Impairment of property, plant and equipment and other assets		**(9,964)**	(1,746)
Impairment of intangible assets		**(52,570)**	-
Marketing, advertising and agents commission expenses		**(2,970)**	(2,786)
Repairs and maintenance expenses		**(1,281)**	(553)
Finance costs	5	**(1,778)**	(1,857)
Other expenses		**(7,748)**	(16)
(Loss)/profit before income tax		**(58,832)**	10,316
Tax benefits/(expense)	6	**10,575**	(3,531)
Net (loss)/profit for the year		**(48,257)**	6,785
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment, net of tax	6c	**5,127**	(1,004)
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		**463**	(75)
Other comprehensive income for the year		**5,590**	(1,079)
Total comprehensive (loss)/income for the year		**(42,667)**	5,706
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)	10	**(8.68)**	1.34
Diluted earnings per share (cents)	10	**(8.68)**	1.31

The accompanying notes form part of these financial statements.

	NOTE	2019 $000	2018 $000
ASSETS			
Current assets			
Cash and cash equivalents	11	**4,803**	7,171
Trade and other receivables	12	**5,645**	8,385
Inventories		**4,964**	4,710
Current tax asset		**4,119**	317
Other assets	13	**3,170**	1,979
Total current assets		**22,701**	22,562
Non-current assets			
Trade and other receivables	12	**976**	1,803
Other financial assets	14	**1**	1,560
Property, plant and equipment	16	**118,868**	121,539
Deferred tax assets	20	**9,535**	-
Intangible assets	17	**29,986**	84,968
Total non-current assets		**159,366**	209,870
Total assets		**182,067**	232,432
LIABILITIES			
Current liabilities			
Trade and other payables	18	**9,653**	9,630
Borrowings	19	**2,955**	3,305
Employee benefits	21	**3,033**	2,834
Contract liabilities	22	**1,733**	1,158
Total current liabilities		**17,374**	16,927
Non-current liabilities			
Borrowings	19	**31,198**	32,230
Deferred tax liabilities		**-**	2,429
Employee benefits	21	**263**	454
Provisions	23	**833**	-
Total non-current liabilities		**32,294**	35,113
Total liabilities		**49,668**	52,040
Net assets		**132,399**	180,392
EQUITY			
Issued capital	24	**168,860**	168,860
(Accumulated losses)/retained earnings		**(38,713)**	14,644
Reserves	25	**2,252**	(3,112)
Total equity		**132,399**	180,392

The accompanying notes form part of these financial statements.

EXPERIENCE CO LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Issued Capital	Retained Earnings	Asset Revaluation Reserve	Common Control Reserve	Share Option Reserve	Foreign Currency Translation Reserve	Total
		$000	$000	$000	$000	$000	$000	$000
Balance at 1 July 2017		84,321	12,208	2,386	(4,171)	18	(266)	94,496
Comprehensive income								
Profit for the year		-	6,785	-	-	-	-	6,785
Other comprehensive loss for the year		-	-	(1,004)	-	-	(75)	(1,079)
Total comprehensive income for the year		-	6,785	(1,004)	-	-	(75)	5,706
Transactions with owners, in their capacity as owners, and other transfers								
Shares issued during the year	24	86,946	-	-	-	-	-	86,946
Capital raising costs		(3,438)	-	-	-	-	-	(3,438)
Deferred tax on capital raising costs		1,031	-	-	-	-	-	1,031
Dividends paid during the year	9	-	(4,349)	-	-	-	-	(4,349)
Total transactions with owners and other transfers		84,539	(4,349)	-	-	-	-	80,190
Balance at 30 June 2018		168,860	14,644	1,382	(4,171)	18	(341)	180,392
Balance at 1 July 2018		**168,860**	**14,644**	**1,382**	**(4,171)**	**18**	**(341)**	**180,392**
Transfer from asset revaluation reserve to retained earnings		-	**458**	**(458)**	-	-	-	-
Comprehensive income								
Loss for the year		-	**(48,257)**	-	-	-	-	**(48,257)**
Other comprehensive income for the year		-	-	**5,127**	-	-	**463**	**5,590**
Total comprehensive loss for the year		-	**(48,257)**	**5,127**	-	-	**463**	**(42,667)**
Transactions with owners, in their capacity as owners, and other transfers								
Options issued during the year	26	-	-	-	-	**232**	-	**232**
Dividends paid during the year	9	-	**(5,558)**	-	-	-	-	**(5,558)**
Total transactions with owners and other transfers		-	**(5,558)**	-	-	**232**	-	**(5,326)**
Balance at 30 June 2019		**168,860**	**(38,713)**	**6,051**	**(4,171)**	**250**	**122**	**132,399**

The accompanying notes form part of these financial statements.

	NOTE	2019 $000	2018 $000
OPERATING ACTIVITIES			
Receipts from customers (GST inclusive)		**180,530**	149,284
Payments to suppliers and employees (GST inclusive)		**(153,497)**	(128,044)
Finance costs		**(1,778)**	(1,680)
Income tax paid		**(6,732)**	(4,718)
Net cash provided by operating activities	27	**18,523**	14,842
INVESTING ACTIVITIES			
Sale of property, plant and equipment		**2,625**	-
Purchase of property, plant and equipment		**(15,240)**	(23,402)
Purchase of other non-current assets		**-**	(1,500)
Payments for investments in subsidiaries	15	**(1,700)**	(72,448)
Cash acquired in business acquisitions		**-**	1,770
Net cash (used in) investing activities		**(14,315)**	(95,580)
FINANCING ACTIVITIES			
Proceeds from issue of shares		**-**	80,947
Capital raising costs		**-**	(3,439)
Proceeds from borrowings		**2,500**	15,601
Repayment of borrowings		**(3,518)**	(9,690)
Dividends paid by parent entity		**(5,558)**	(4,349)
Loans to related parties		**-**	(951)
Loan repayments from related parties		**-**	300
Net cash (used in)/provided by financing activities		**(6,576)**	78,419
Net decrease in cash held		**(2,368)**	(2,319)
Cash and cash equivalents at beginning of financial year		**7,171**	9,490
Cash and cash equivalents at end of financial year	11	**4,803**	7,171

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of Experience Co Limited and its controlled entities (the "Group"). Experience Co Limited is listed on the ASX (ASX: EXP) and is an Australian based entity, established and domiciled in Australia. The registered office and principal place of business for the Group is Level 1, 51 Montague Street, North Wollongong NSW 2500.

A description of the nature of the Group's operations and principal activities are included in the Director's Report, which is not part of the financial statements.

The financial statements were authorised for issue on 30 September 2019 by the directors of the Company.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 FINANCIAL INSTRUMENTS

The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

HISTORICAL COST CONVENTION

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss including certain classes of property and plant and equipment.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires the use of certain critical 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 2.

PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 34.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate all of the assets, liabilities and results of the Experience Co Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent company controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in [Note 15].

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as 'Non-controlling Interests'. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Common Control Transaction "Pooling of Interest Method

Where the combining entities are ultimately controlled by the same party both before and after the combination, the transaction is a "common control" transaction, outside the scope of AASB 3 Business Combinations. Such a transaction is accounted for using the "pooling of interests" method resulting in the continuation of existing accounting values that would have occurred if the assets and liabilities had already been part of the group.

It has been determined that the group reorganisation disclosed in Note 25(c) was a common control transaction as the companies which formed part of the group following the reorganisation were substantially owned by interests associated with the founder, Anthony Boucaut. As a result the accounting treatment under the "pooling of interest method" has historically been applied as follows:

- the assets and liabilities of the combining entities are reflected at their carrying amounts;
- no "new" goodwill or other intangible assets are recognised as a result of the combination; and
- the excess of the fair value of the purchase consideration over the carrying value of the assets and liabilities has been recorded as a "common control reserve".

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:
(i) the consideration transferred;
(ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Refer to Note 17 for information on the goodwill policy adopted by the Group for acquisitions.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

a) INCOME TAX

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

(a) a legally enforceable right of set-off exists; and
(b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation – Australia

Experience Co Limited and its Australian wholly-owned subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity within the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities/(assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

The Group notified the Australian Taxation Office (ATO) that it had formed an income tax consolidated group to apply from 1 July 2014. The tax consolidated group has also entered into a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between amounts of net assets and liabilities derecognised and the net amounts recognised pursuant to their funding arrangement are recognised as either a contribution by, or distribution to the head entity.

Tax Consolidation – New Zealand

Skydive (New Zealand) Limited and its New Zealand wholly-owned subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity within the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities/(assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

The New Zealand group of companies notified the Inland Revenue Department (IRD) that it had formed an income tax consolidated group to apply from 30 October 2015. The New Zealand tax consolidated group has also entered into a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between amounts of net assets and liabilities derecognised and the net amounts recognised pursuant to their funding arrangement are recognised as either a contribution by, or distribution to the head entity.

b) REVENUE RECOGNITION

The Group recognizes revenue as follows;

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest
Interest revenue is recognised using the effective interest method.

Rent
Rental income is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax.

c) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

d) CURRENT AND NON CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group 's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A liability is classified as current when: it is either expected to be settled in the Group 's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

e) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 30 days or less.

f) TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

g) INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a weighted or specific item basis.

h) INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group 's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

i) PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are carried at cost, less accumulated depreciation for buildings.

Aircraft and Helicopters

Aircraft assets are measured under the revaluation model and accounted for at their fair value, being the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction, based on periodic valuations by external independent valuers or director valuations, less subsequent depreciation.

Increases in the carrying amount arising on revaluation of aircraft assets are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same assets are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other classes of fixed assets

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Items of property, plant and equipment are initially recorded at cost, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

The cost of acquired assets includes the initial estimate at the time of installation of the costs of dismantling and removing the items and restoring the site on which they are located, and changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate. The unwinding of the discount is treated as a finance charge.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs associated with the acquisition, construction or production of qualifying assets are recognised as part of the cost of the asset to which they relate.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Other than Aircraft and Helicopter engines, which are depreciated over the numbers of hours in use, depreciation is provided on a straight-line basis on all other items of property, plant and equipment. The depreciation rates of owned assets are calculated so as to allocate the cost or valuation of an asset, less any estimated residual value, over the asset's estimated useful life to the Group. Assets are depreciated from the date of acquisition or, with respect to internally constructed assets, from the time an asset is completed and available for use. The costs of improvements to assets are depreciated over the remaining useful life of the asset or the estimated useful life of the improvement, whichever is the shorter. Assets under finance lease are depreciated over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset.

The depreciation rates used for each class of depreciable assets are:

PROPERTY, PLANT & EQUIPMENT CLASS	DEPRECIATION RATE	RESIDUAL VALUE (%)
Aircraft frames	5%	Specific to Aircraft
Aircraft engines	Operating hours	Specific to Aircraft
Helicopter frames	8% - 12%	11% - 44%
Helicopter engines	Operating hours	0%
Motor vehicles	10%	0%
Leasehold improvements	2.5%	0%
Office equipment	25%	0%
Plant and equipment	25%	0%
Buildings	2.5%	0%
Vessel hulls and fixtures	5.5% - 10%	30%
Vessel engines	5.5% - 20%	0%
Floating docks	6% - 20%	30%

The useful life of the Aircraft engine in operating hours is determined by manufacturer specifications and regulatory requirements and is typically denominated in flight operating hours since new, and/or last overhaul. This varies across the aircraft fleet however is within a range of 2,000 to 8,000 hours for fixed wing aircraft. For helicopters, each major component is depreciated individually. The total life number of hours varies significantly between each part and within fleet model types.

Maintenance and overhaul costs

An element of the cost of an acquired aircraft (owned and finance-leased aircraft) is attributed to its service potential, reflecting the maintenance condition of its engines and airframe. This cost is depreciated over the shorter of the period to the remaining life of the asset.

The costs of subsequent major cyclical maintenance checks for owned aircraft are recognised and depreciated over the shorter of the remaining life of the aircraft or lease term (as appropriate).

All other maintenance costs are expensed as incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Modifications that enhance the operating performance or extend the useful lives of aircraft are capitalised and depreciated over the remaining estimated useful life of the asset or remaining lease term (as appropriate). Labour costs in relation to employees who are dedicated to major modifications to aircraft are capitalised as part of the cost of the modification to which they relate.

j) INTANGIBLES OTHER THAN GOODWILL

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Trademarks

Trademarks are recognised at their fair value at the date of acquisition. Trademarks are indefinite life intangible assets and are therefore not amortised. Trademarks are subsequently measured at cost less any impairment.

Customer relationships

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10-20 years.

Leases and Licences

Leases and Licences relate to right to use intangible assets acquired in business combinations and are amortised over the period of the lease or licence term, being from 4 to 22 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 to 5 years.

k) IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) TRADE AND OTHER PAYABLES

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

m) EMPLOYEE BENEFITS

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the

employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

n) EMPLOYEE BENEFITS

Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity-settled compensation

The Group operates an employee option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

o) PROVISIONS

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

p) CONTRACT LIABILITIES

Contract liabilities represent the Group 's obligation to transfer goods or services to a Group customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) the Group has transferred the goods or services to the customer.

q) BORROWINGS

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

r) LEASES

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred. The Group has considered any provisions for make good in respect of leases and determined them to be negligible and consequently, no provisions have been raised. The Group has also considered any onerous lease obligations in respect of operating leases and recognised a provision for future obligations in relation to the relevant leases.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s) ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

t) DIVIDENDS

Dividends are recognised when paid during the financial year and no longer at the discretion of the company.

u) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Functional and presentations currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

v) FAIR VALUE OF ASSETS AND LIABILITIES

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

w) FINANCIAL INSTRUMENTS (applied until 30/06/2018)

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the "effective interest method".

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Financial assets at fair value profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

II. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

III. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.
Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

IV. Available-for-sale-investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

V. Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Financial Guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:
– the likelihood of the guaranteed party defaulting during the next reporting period;
– the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
– the maximum loss exposure if the guaranteed party were to default.

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised in accordance with AASB 118.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

x) EARNINGS PER SHARE

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Experience Co Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

y) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant tax authority.

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 relevant tax 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 relevant tax authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

z) OPERATING SEGMENTS

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

aa) COMPARATIVE FIGURES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

ab) ROUNDING OF AMOUNTS

The company is of a kind referred to in Corporations Instruments 2016/191 issued by ASIC, relating to (rounding off). Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

ac) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 16: Leases

AASB 16 will replace the current accounting requirements for leases on 1 July 2019.

Leases are currently classified based on their nature as either finance leases, which are capitalised as intangible assets (Note 17) in the Consolidated Statement of Financial Position, or operating leases, which are expensed as rent on a straight-line basis.

Under AASB 16, the Group's accounting for operating leases as a lessee will result in the recognition of a right-of-use asset and an associated lease liability in the Consolidated Statement of Financial Position. The lease liability represents the present value of future lease payments for the Group's leases. An interest expense will be recognised on the lease liabilities and an amortisation charge will be recognised for the right of use asset.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group's accounting for leases as a lessor remains largely unchanged under AASB 16, with the exception of certain leases whereby the Group acts as sub-lessor.

The Group will initially apply AASB 16 on 1 July 2019 using the modified retrospective approach, whereby the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019. Comparatives will not be restated.

The Group has progressed an implementation project to identify leases that are affected by AASB 16 and to recognised and measure the related assets and liabilities as required from that date.

The actual impact of applying AASB 16 will depend on a number of decisions and conditions that are yet to be finalised, including the determination of the Group's incremental cost of borrowing rate, the composition of the lease portfolio, and the extent to which the Group will make use of the practical expedients and recognition exemptions allowed by AASB 16, including in relation to the finance leases that are currently recognised as assets by the Group and policy choices concerning short-term and low value leases.

The Group will finalise its transition to the new standard in the financial statements for the half year ended 31 December 2019.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believe to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

a) IMPAIRMENT – GENERAL

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

The impairment assessment uses forecast pre-tax EBITDA as an approximation of future cash flows which are based on the Group's latest financial forecast. Growth rates of 4% have been factored into valuation models for the next five years on the basis of management's expectations regarding the Group's continued ability to capture market share from competitors. Cash flow growth rates of 4% subsequent to this period have been used as this reflects historical industry averages. The rates used incorporate an allowance for inflation. Pre-tax discount rates have been estimated for each individual cash generating unit.

Impairment recognised in relation to goodwill and other intangibles for the period is set out in Note 17.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

b) ESTIMATION OF USEFUL LIVES AND RESIDUAL ASSETS

The Group determines the estimated useful lives, residual values and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. For helicopter engines, components are depreciated based upon total number of hours to be flown. Best available data is used in applying the value of a given component. Aircraft engines are treated the same way but are not broken down by component.

The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. Residual values may also vary depending on market and other economic considerations.

c) CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT

The Group revalued its aircraft at as at 30 June 2019. Changes in fair value are recognised in the asset revaluation reserve in equity and impairment expenses in profit and loss. The Group engaged independent valuations to assess the fair value of each aircraft and helicopter asset. The valuation methodology was performed on a sight unseen basis using market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the assets. The key assumptions used to determine the fair value of assets are provided in Note 33. The company has acquired a number of additional aircraft and vessels as part of acquisitions accounted for as business combinations. There is a degree of judgement required in estimating the fair values of assets acquired, and where appropriate, the Group has engaged professional valuers to assist in determining values.

d) INCOME TAX

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group 's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made. There are no specific "uncertain tax positions".

e) EMPLOYEE BENEFITS PROVISION

As discussed in note 1(n), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

f) ALLOWANCE FOR EXPECTED CREDIT LOSSES

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

g) BUSINESS COMBINATIONS

As discussed in note 1(a), business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

h) FAIR VALUE MEASUREMENT HIERARCHY

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

NOTE 3 OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

The Group has identified the following reportable operational segments:

- Skydiving
- Adventure Experiences
- Corporate

The Group is organized into above three operating segments based on a combination of factors including products and services, geographical areas and regulatory environment.

These operating segments are based on the internal reports that are reviewed and used by the Directors, who are identified as the Chief Operating Decision Makers (CODM) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The CODM reviews EBITDA at the segment level. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The Skydiving segment operations primarily comprises tandem skydive and related products, with ancillary aircraft maintenance and leasing revenues. Adventure Experiences offers a range of customer experiences primarily based out of Cairns and Port Douglas in Tropical North Queensland, including Great Barrier Reef snorkel and dive, white water rafting, ballooning and helicopter tours. Corporate comprises the centralised management and business administration services provided to the Group operations.

EBITDA is used by the Group to evaluate the performance of the business before the impact of non-cash charges such as depreciation, amortisation, impairment, fair value gains or losses, and before the impact of financing and income tax expenses.

The Directors review the financial performance on an Underlying EBITDA basis, that is the reported result for each measure adjusted for the impact of significant items, being non-cash or one-off items. Underlying EBITDA is a non AAS measure that in the opinion of the Directors is relevant to reviewing the financial performance of the Group.

NOTE 3 OPERATING SEGMENTS (CONTINUED)

Intersegment transactions

Intersegment transactions are generally made on an arm's length basis at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

Segment assets and liabilities

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Operating segment information

30 JUNE 2019	SKYDIVING $000	ADVENTURE EXPERIENCES $000	CORPORATE $000	TOTAL $000
Revenue				
Sales to external customers	84,461	76,835	-	161,296
Sales revenue	**84,461**	**76,835**	**-**	**161,296**
Other income	315	1,000	-	1,315
Total Segment revenue	**84,776**	**77,835**	**-**	**162,611**
EBITDA	**22,879**	**10,211**	**(13,825)**	**19,265**
Depreciation and amortisation	(5,082)	(8,664)	(204)	(13,950)
Impairment	(2,230)	(58,262)	(2,042)	(62,534)
EBIT	**15,567**	**(56,715)**	**(16,071)**	**(57,219)**
Finance costs				(1,613)
Income Tax Expense				10,575
Net profit after tax				**(48,257)**
EBITDA	**22,879**	**10,211**	**(13,825)**	**19,265**
Significant items	3,278	2,199	2,441	7,918
Underlying EBITDA	**26,157**	**12,410**	**(11,384)**	**27,183**

During the period the Directors have reallocated what was previously disclosed as unallocated shared services costs in the 30 June 2018 financial statements to the relevant operating segment.

NOTE 3 OPERATING SEGMENTS (CONTINUED)

Significant items in the financial year ending 30 June 2019 of $7,918,000 comprised a number of one-off items, predominately non-cash in nature. The non-cash significant items totaled $6,413,000 and included:

- Acquisitions and consolidation adjustments from prior years relating to the reconciliation of balance sheet items, including the results of 30 June 2019 reconciliation review of assets and liabilities for $4.8m
- Initial recognition of provision in relation to onerous operating leases
- Asset write-downs relate to an assessment of capitalised development costs
- Share-based payments – non-cash recognition of share options expense

One-off items totaling $1,507,000, being significant items that are non-recurring in nature related to the integration of acquisitions from the prior year and the management transition in the period.

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ("AAS"). EBITDA represents the profit under AAS adjusted for interest, income taxes, impairment, depreciation and amortisation. The Directors consider EBITDA to reflect the operational earnings of the Group.

Underlying EBITDA is a financial measures not prescribed by AAS and represents EBITDA adjusted for significant items.

30 JUNE 2018	SKYDIVING $000	ADVENTURE EXPERIENCES $000	CORPORATE $000	TOTAL $000
Revenue				
Sales to external customers	81,380	53,920	-	135,300
Sales revenue	**81,380**	**53,920**	**-**	**135,300**
Other income	238	1,011	114	1,363
Total Segment revenue	**81,618**	**54,931**	**114**	**136,663**
EBITDA	**24,787**	**12,358**	**(9,734)**	**27,411**
Depreciation and amortisation	(6,171)	(6,952)	(369)	(13,492)
Impairment	(1,746)			(1,746)
EBIT	**16,870**	**5,406**	**(10,103)**	**12,173**
Finance costs				(1,857)
Income Tax Expense				(3,531)
Net profit after tax				**6,785**
EBITDA	**24,787**	**12,358**	**(9,734)**	**27,411**
Significant items	1,609	2,358	(1,206)	2,761
Underlying EBITDA	**26,396**	**14,716**	**(10,940)**	**30,172**

Significant items in the financial year ending 30 June 2018 principally related to business acquisition due diligence and advisory fees, rebranding project costs and office renovation expenses.

NOTE 3 OPERATING SEGMENTS (CONTINUED)

SEGMENT ASSETS	SKYDIVING $000	ADVENTURE EXPERIENCES $000	CORPORATE $000	TOTAL $000
30 June 2019				
Segment assets	**119,036**	**59,938**	**3,093**	**182,067**
30 June 2018				
Segment assets	117,563	109,167	5,702	232,432
Segment liabilities				
30 June 2019	**12,649**	**5,706**	**31,313**	**49,668**
Segment liabilities				
30 June 2018				
Segment liabilities	**19,331**	**10,680**	**22,029**	**52,040**

Geographical information

30 JUNE 2019	AUSTRALIA $000	NEW ZEALAND $000	TOTAL $000
Revenue			
Sales to external customers	130,269	31,02 7	161,296
30 June 2018			
Revenue			
Sales to external customers	106,207	29,093	135,300

Non Current Segment Assets **30 June 2019**	**Australia $000**	**New Zealand $000**	**Total $000**
Non Current Segment assets	132,129	27,237	159,366
30 June 2018			
Non Current Segment assets	184,149	25,721	209,870

The geographic non-current assets above are exclusive of, where applicable, financial instruments and deferred tax assets.

NOTE 4 REVENUE AND OTHER INCOME

Sales revenue	2019 $000	2018 $000
Sale of goods	**161,296**	135,300
	161,296	135,300
Timing of revenue recognition		
Goods transferred at a point in time	161,296	135,300
Services transferred over time	-	-
	161,296	135,300
Other income		
Interest received	**165**	135
Other revenue	**1,316**	1,228
	1,481	1,363
Total revenue	**162,777**	136,663
Interest revenue from:		
- directors (Note 29 (c))	**41**	73
- Other persons	**124**	62
Total interest revenue on financial assets not at fair value through profit or loss	**165**	135

NOTE 5 PROFIT FOR THE YEAR

Profit before income tax from continuing operations includes the following specific expenses:

	2019 $000	2018 $000
Cost of sales	**98,077**	79,647
Interest expense on financial liabilities not at fair value through profit or loss:		
Unrelated parties	**1,743**	1,708
Total interest expense	**1,743**	1,708
Other finance costs	**35**	149
Total finance cost	**1,778**	1,857
Occupancy costs	**3,746**	3,520
Depreciation and amortisation expense	**13,950**	13,492
Impairment of property, plant and equipment	**7,922**	1,746
Impairment of other financial assets	**1,500**	-
Impairment of other assets	**542**	-
Impairment of intangibles	**52,570**	-
Foreign currency translation gains	**20**	5
Employee benefits expense	**48,930**	38,947
Expected credit losses - trade receivables	**139**	25
Superannuation expense	**3,184**	2,293
Loss on foreign exchange	**20**	1

NOTE 6 TAX EXPENSE

	2019 $000	2018 $000
(a) The components of tax (expense) income comprise:		
Current tax	**2,506**	4,151
Deferred tax	**(11,964)**	(172)
Over provision of tax from prior years	**(1,117)**	(448)
	(10,575)	3,531
(b) Prima facie tax on profit from ordinary activities (at 30%)	**(17,650)**	3,095
Tax effect of permanent differences:		
Non-allowable items	**137**	34
Non-deductible impairment	**5,335**	11
Abnormal items	**1,253**	-
Recognition of transferred tax losses	**(139)**	-
Recognition of other deferred tax balances	**(132)**	151
Deductible acquisition costs	**-**	240
Variance in rate	**(52)**	-
	(10,575)	3,531
Effective tax rate	18.7%	34.2%

(c) Tax effects relating to each component of other comprehensive income:

Consolidated Group	**2019 Before-tax amount $000**	**Tax (expense) benefit $000**	**Net-of-tax amount $000**	2018 Before-tax amount $000	Tax (expense) benefit $000	Net-of-tax amount $000
Revaluation of property, plant and equipment	**5,127**	**(1,538)**	**3,589**	(1,004)	301	(703)
Exchange differences on translating foreign operations (note 25)	**463**	**(139)**	**324**	(75)	23	(52)
	5,590	**(1,677)**	**3,913**	(1,079)	324	(755)

NOTE 7 KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2019

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2019 $	2018 $
Short-term employee benefits	**1,471,314**	1,963,380
Post-employment benefits	**105,107**	99,977
Other long term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**-**	-
Total KMP compensation	**1,576,421**	2,063,357

Short-term employee benefits
These amounts include fees and benefits paid to the non-executive chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

Post-employment benefits
These amounts are the current year's estimated costs of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits
These amounts represent long service leave benefits accruing during the year, long-term disability benefits, and deferred bonus payments.

Share-based payments
These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

NOTE 8 AUDITORS REMUNERATION

	2019 $	2018 $
Remuneration of the auditor for:		
Auditing the financial report	**263,730**	241,000
Taxation services	**96,572**	171,516
Due diligence services	**4,000**	281,953
	364,302	694,469

NOTE 9 DIVIDENDS

	2019 $000	2018 $000
Dividends paid	**5,558**	4,349

NOTE 9 DIVIDENDS (CONTINUED)

(a) The Directors have not declared a dividend for the financial year ended 30 June 2019. The dividend paid in the year ending 30 June 2019 relates to the final and fully franked dividend for the 30 June 2018 period of $0.01 per share, amounting to $5,558,000, paid on 28 September 2018.

(b) Balance of franking account at year end adjusted for franking credits arising from:

	2019 $000	2018 $000
Balance of franking account on 30 June 2018	**11,102**	4,497
Income tax return adjustment 2018	**594**	3,899
Payment of provision for income tax	**4,075**	4,570
Payment of fully franked dividend	**(2,382)**	(1,864)
Balance of franking account on 30 June 2019	**13,389**	11,102

(c) Net balance in (b) above excludes franking credits arising from tax payments made subsequent to 30 June 2019.

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

NOTE 10 EARNINGS PER SHARE

	2019 $000	2018 $000
(a) Earnings used to calculate basic and diluted EPS	**(48,257)**	6,785
	No.	**No.**
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**555,811,840**	506,008,037
Weighted average number of dilutive options and rights outstanding	**11,247,324**	10,300,000
Weighted average number of dilutive converting preference shares on issue	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**567,059,164**	516,308,037
Basic earnings per share (cents)	**(8.68)**	1.34
Diluted earnings per share (cents)	**(8.68)**	1.31

NOTE 11 CASH AND CASH EQUIVALENTS

	2019 $000	2018 $000
Cash at bank and on hand	**4,579**	7,129
Short-term bank deposits	**224**	42
	4,803	7,171

For the purpose of statement of cashflows, cash and cash equivalents comprise the above.

The effective interest rate on short-term bank deposits was 2.3% (2018: 2.4%); these deposits have an average maturity of 365 days.

NOTE 12 TRADE AND OTHER RECEIVABLES

CURRENT	2019 $000	2018 $000
Trade receivables	4,539	5,900
Allowance for expected credit losses (a)	(140)	(25)
	4,399	5,875
Other receivables	946	2,210
	5,345	8,085
Amounts receivable from related parties		
- director of parent entity (c)	300	300
Total current trade and other receivables	5,645	8,385
NON-CURRENT		
Loan receivable (b)	-	515
Amounts receivable from related parties		
- director of parent entity (c)	976	1,288
Total non-current trade and other receivables	976	1,803

(a) Expected Credit Loss

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

30 JUNE 2019	TRADE RECEIVABLES DAYS PAST DUE					
	Current $000	<30 days $000	31-60 days $000	61-90 days $000	> 91 days $000	Total $000
Expected credit loss rate	0.10%	0.50%	2.00%	10%	25%	
Estimated total gross carrying amount at default	3,531	1,093	442	151	427	5,645
Expected credit loss	4	5	9	15	107	140

NOTE 12 TRADE AND OTHER RECEIVABLES (CONTINUED)

Allowance for expected credit losses

	CONSOLIDATED GROUP 2019 $000	2018 $000
Opening balance	25	-
Unused amounts reversed	(25)	-
Add year end provision	-	25
Add expected credit loss	140	-
	140	25

(b) Loan to Trinity Software Pty Ltd

During the year, the loan to Trinity Software Australia Pty Ltd for $500,000 plus accrued interest was written off.

(c) Amounts receivable from related parties

Amounts received from related parties represents unsecured loans to Boucaut Enterprises Pty Ltd as trustee for Boucaut Family Trust ("the Borrower"), a related entity associated with Anthony Boucaut (Executive Director), the terms of which have been disclosed in Note 29).

(d) Collateral Pledged

A floating charge over trade receivables has been provided for certain debts. Refer to Note 19 for further details.

NOTE 13 OTHER ASSETS

CURRENT	2019 $000	2018 $000
Prepayments	**1,459**	877
Deposit paid for leasehold land and buildings (Stuart Park Development) (i)	**-**	541
Other current assets	**1,711**	561
	3,170	1,979

(i) The capitalisation of the Stuart Park development expenses were impaired during the year as the project is not expected to advance in the near future.

Opening balance	**1,979**	3,705
Increase/ (decrease) in prepayments	**582**	(503)
Impairment of capitalized costs (Stuart Park)	**(541)**	-
Increase in other current assets	**1,150**	332
Deposits paid	**-**	(1,555)
Closing balance	**3,170**	1,979

NOTE 14 OTHER FINANCIAL ASSETS

NON-CURRENT		
Unlisted investments, at cost		
— shares in other corporations	**1**	27
— unlisted investments (i)	**-**	1,533
Total unlisted investments	**1**	1,560

Opening balance	**1,560**	38
Unlisted Investments	**-**	1,522
Impairment	**(1,559)**	-
Closing balance	**1**	1,560

(i) Investment of $1,533,000 in Trinity Software Australia Pty Ltd impaired to nil.

NOTE 15 INTERESTS IN SUBSIDIARIES

a) Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

NAME OF SUBSIDIARY	PRINCIPAL PLACE OF BUSINESS	OWNERSHIP INTEREST 2019	OWNERSHIP INTEREST 2018
Aircraft Maintenance Centre Pty Ltd	Australia	**100%**	100%
Australia Skydive Pty Ltd	Australia	**100%**	100%
B & B No 2 Pty Ltd	Australia	**100%**	100%
Bill & Ben Investments Pty Ltd	Australia	**100%**	100%
Skydive Holdings Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Airlie Beach Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond BB Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Central Coast Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Great Ocean Road Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Hunter Valley Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Melbourne Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Newcastle Pty Ltd	Australia	**100%**	100%
SBB Trading Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Sydney Wollongong Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Yarra Valley Pty Ltd	Australia	**100%**	100%
Skydive.com.au Pty Ltd	Australia	**100%**	100%
STBAUS Pty Ltd	Australia	**100%**	100%
Skydive International Holdings Pty Ltd	Australia	**100%**	100%
Skydive Investments Pty Ltd	Australia	**100%**	100%
Raging Thunder Pty Ltd	Australia	**100%**	100%
Fitzroy Island Ferries Pty Ltd	Australia	**100%**	100%
Fitzroy Island Pty Ltd	Australia	**100%**	100%
Martheno Pty Ltd	Australia	**100%**	100%
Raging Thunder Retail Pty Ltd	Australia	**100%**	100%
White Water Rafting Qld Pty Ltd	Australia	**100%**	100%

Raging Thunder Balloon Adventures Pty Ltd	Australia	**100%**	100%
Rescue Training Group Pty Ltd	Australia	**100%**	100%
ILB Pty Ltd	Australia	**100%**	100%
Reef Magic Cruises Pty Ltd	Australia	**100%**	100%
Byron Bay Ballooning Pty Ltd	Australia	**100%**	100%
Air Vistas Pty Ltd	Australia	**100%**	100%
GBR Helicopters Pty Ltd	Australia	**100%**	100%
GBRH Holdings Pty Ltd	Australia	**100%**	100%
Blue Ocean Productions Pty Ltd	Australia	**-**	100%
Calypso Reef Charters Pty Ltd	Australia	**100%**	100%
Fish for Fish Investments Pty Ltd	Australia	**100%**	100%
Experience Daintree Pty Ltd	Australia	**100%**	100%
J & J Wallace (Holdings) Pty. Ltd.	Australia	**100%**	100%
J & J Wallace (Projects) Pty Ltd	Australia	**100%**	100%
J & J Wallace (Tours) Pty Ltd	Australia	**100%**	100%
J & J Wallace (Permits) Pty. Ltd.	Australia	**100%**	100%
Performance Helicopters Pty Ltd	Australia	**100%**	-
Experience Marine Pty Ltd	Australia	**100%**	100%
Experience Co NZ Holdings Limited	New Zealand	**100%**	100%
Skydive Queenstown Limited	New Zealand	**100%**	100%
Ultimate Adventure Group Ltd	New Zealand	**100%**	100%
Parachute Adventure Queenstown Limited	New Zealand	**100%**	100%
Skydive Wanaka Limited	New Zealand	**100%**	100%
Performance Aviation (New Zealand) Limited	New Zealand	**100%**	100%

b) Significant Restrictions

Other than banking covenants imposed as per note 19, there are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

c) Acquisition of Controlled Entities

During the year ended 30 June 2019, Experience Co Limited made no acquisitions.
In 2019 financial year, Experience Co Limited paid an amount of $1.7m to vendors of GBR Helicopters Pty Ltd. This payment was a fulfilment of an obligation in accordance with the sale and purchase agreement for GBR Helicopters Pty Ltd, which was acquired on 01 November 2017.

d) Business Combinations

When comparing the results for the 12 months to 30 June 2018 the number of months of trading from major acquisitions year on year is set out below:

	30 JUN 2019	30 JUN 2018
Raging Thunder Adventures purchased on 31 October 2016	**12 months**	**12 months**
Reef Magic Cruises Pty Ltd purchased on 1 May 2017	**12 months**	**12 months**
Byron Bay Ballooning purchased on 21 July 2017.	**12 months**	**11.5 months**
Air Vistas Pty Ltd acquired 18 September 2017.	**12 months**	**9.5 months**
GBR Helicopters Pty Ltd purchased on 01 November 2017	**12 months**	**8 months**
Blue Ocean Productions Pty Ltd acquired on 28 November 2017.	**12 months**	**7 months**
Big Cat Green Island Pty Ltd purchased on 13 December 2017	**12 months**	**6.5 months**
Tropical Journeys (the business) and Calypso Reef Charters Pty Ltd purchased on 19 December 2017	**12 months**	**6 months**

NOTE 16 PROPERTY, PLANT AND EQUIPMENT

LAND AND BUILDINGS	2019 $000	2018 $000
Freehold land at:		
At cost	**3,781**	3,781
Total land	**3,781**	3,781
Buildings at:		
At cost	**4,564**	5,315
Accumulated depreciation	**(181)**	(181)
Total buildings	**4,383**	5,134
Total land and buildings	**8,164**	8,915

PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	**12,486**	11,342
Accumulated depreciation	**(5,306)**	(3,621)
	7,180	7,721
Leasehold improvements		
At cost	**4,608**	4,434
Accumulated amortisation	**(1,158)**	(890)
	3,450	3,544
Aircraft:		
At revalued amounts and cost	**46,654**	47,003
Accumulated depreciation	**-**	(1,676)
	46,654	45,327
Helicopters:		
At revalued amounts and cost	**19,369**	17,625
Accumulated depreciation	**-**	(1,037)
	19,369	16,588
Motor vehicles:		
At cost	**7,061**	6,403
Accumulated depreciation	**(2,382)**	(1,571)
	4,679	4,832
Office equipment:		
At cost	**1,754**	1,463
Accumulated depreciation	**(1,150)**	(920)
	604	543
Vessels:		
At cost	**32,007**	34,506
Accumulated depreciation	**(5,017)**	(2,111)
	26,990	32,395
Floating Docks:		
At cost	**2,100**	1,838
Accumulated depreciation	**(322)**	(164)
	1,778	1,674
Total plant and equipment	**110,704**	112,624
Total property, plant and equipment	**118,868**	121,539

The Group's aircraft assets were revalued at 30 June 2019. Refer to note 33 for detailed disclosures regarding the fair value measurement of the Group's assets. The aircraft were valued by independent valuers and management depending on the age, type, and condition of the aircraft.

NOTE 16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

At the date of revaluation, the carrying amount of aircraft is adjusted to the revalued amount. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

Historical Cost

If aircraft were carried at historical cost, the estimated carrying amounts would be as follows:

	AIRCRAFT $000	HELICOPTERS $000	TOTAL $000
Cost at 30 June 18	61,005	17,625	78.630
Accumulated depreciation at 30 June 18	(10,506)	(1,037)	(11,543)
Net book value at 30 June 18	50,499	16,588	67,087
Cost at 30 June 19	62,361	24,197	86,558
Accumulated depreciation at 30 June 19	(13,168)	(3,266)	(16,434)
Net book value at 30 June 19	49,194	20,931	70,124

The Group's aircraft were revalued at 30 June 2019 by independent valuers and management. Valuations were made using the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date. Refer to Note 33 for further information.

(a) Movements in Carrying Amounts

	LAND	BUILDINGS	PLANT & EQUIPMENT	LEASEHOLD IMPROV.	AIRCRAFT	HELICOPTERS	MOTOR VEHICLES	OFFICE EQUIPMENT	VESSELS	FLOATING DOCKS	TOTAL
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 1 July 2017	646	3,473	7,342	1,370	43,105	-	3,119	531	9,151	1,633	70,370
Acquisitions through business combinations	950	965	861	642	-	14,374	482	102	22,235	51	40,662
Additions	2,185	808	1,880	1,806	10,697	3,251	1,431	182	2,414	131	24,785
Impairment	-	-	-	-	(1,746)	-	-	-	-	-	(1,746)
Revaluation decrement	-	-	-	-	(2,385)	-	-	-	-	-	(2,385)
Disposals	-	-	(3)	-	-	-	-	-	-	-	(3)
Depreciation expense	-	(112)	(1,316)	(274)	(4,344)	(1,037)	(671)	(272)	(1,977)	(141)	(10,144)
Transfers between asset classes	-	-	(1,043)	-	-	-	471	-	572	-	-
Balance at 30 June 2018	3,781	5,134	7,721	3,544	45,327	16,588	4,832	543	32,395	1,674	121,539
											-
Additions	-	80	1,145	624	2,424	7,556	625	287	2,351	194	15,286
Impairment	-	(758)	-	-	-	(3,440)	-	-	(1,202)	-	(5,400)
Revaluations	-	-	-	-	1,533	1,878	-	-	-	-	3,411
Disposals	-	-	(268)	(448)	(1,716)	(984)	(129)	(8)	(2,103)	72	(5,584)
Depreciation expense	-	(72)	(1,357)	(271)	(2,403)	(2,229)	(716)	(218)	(2,962)	(162)	(10,390)
Movement in foreign exchange	-	(1)	11	-	-	-	(5)	-	-	-	5
Transfer between asset classes	-	-	(72)	-	1,489	-	72	-	(1,489)	-	-
Balance at 30 June 2019	**3,781**	**4,383**	**7,180**	**3,450**	**46,654**	**19,369**	**4,679**	**604**	**26,990**	**1,778**	**118,868**

NOTE 17 INTANGIBLE ASSETS

	2019 $000	2018 $000
Goodwill		
Cost	**36,659**	36,301
Accumulated impaired losses	**(23,483)**	-
Net carrying amount	**13,176**	36,301
Trademarks		
Cost	**14,589**	14,370
Accumulated amortisation and impairment losses	**(5,351)**	-
Net carrying amount	**9,238**	14,370
Computer software		
Cost	**1,909**	1,338
Accumulated amortisation and impairment losses	**(1,147)**	(1,020)
Net carrying amount	**762**	318
Customer relationships and other intangible assets		
Cost	**25,220**	26,976
Accumulated amortisation and impairment losses	**(20,137)**	(2,552)
Net carrying amount	**5,083**	24,424
Leases & Licences		
Cost	**12,527**	10,860
Accumulated amortisation	**(10,801)**	(1,305)
Net carrying amount	**1,726**	9,555
Total intangibles	**29,986**	84,968

Movements in Carrying Amounts

Movements in carrying amounts for each class of intangibles between the beginning and the end of the current financial year.

	GOODWILL $000	TRADEMARKS $000	COMPUTER SOFTWARE $000	CUSTOMER RELATIONSHIPS AND OTHER $000	LEASES & LICENCES $000	TOTAL $000
Balance at 1 July 2017	18,828	9,805	368	13,025	5,933	47,959
Assets acquired in business combinations	17,473	4,565	-	13,257	4,928	40,223
Other additions	-	-	134	-	-	134
Amortisation expense	-	-	(184)	(1,858)	(1,306)	(3,348)
Balance at 30 June 2018	**36,301**	**14,370**	**318**	**24,424**	**9,555**	**84,968**
Additions from business combinations	185	-	-	-	-	185
Other additions	-	123	591	694	-	1,408
Impairment	(23,483)	(5,351)	-	(15,953)	(7,783)	(52,570)
Disposals	-	-	(20)	(365)	(57)	(442)
Transfers to other asset classes	283	60	-	(2,109)	1,766	-
Amortisation expense	-	-	(127)	(1,632)	(1,713)	(3,472)
Movement in foreign exchange	(110)	36	-	24	(42)	(92)
Closing balance 30 June 2019	**13,176**	**9,238**	**762**	**5,083**	**1,726**	**29,986**

NOTE 17 INTANGIBLE ASSETS (CONTINUED)

IMPAIRMENT DISCLOSURES

Intangible assets, other than goodwill and trademarks, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss. Goodwill and trademarks have an indefinite useful life.

Following the decline in financial performance in the financial year to 30 June 2019, management has recalculated the recoverable amount of each of the Group's CGUs as at 30 June 2019. The recoverable amount of each of the Group's CGUs have been determined based on value in use calculations.

The following key assumptions were used in the value-in-use calculations for each cash generating unit.

Australia Skydive: five year projections based on management budgets with annual EBITDA growth rate from Year 2 to 5 of 4.0% (30 June 2018: 3.0%), terminal growth rate of 3.0% (30 June 2018: 3.0%) and a pre-tax discount rate of 15.4% (30 June 2018: 12.1%).

New Zealand Skydive: five year projections based on managements budgets with annual EBITDA growth rate from Year 2 to 5 of 4.0% (30 June 2018: 3.0%), terminal growth rate of 3.0% (30 June 2018: 3.0%) and a pre-tax discount rate of 16.6% (30 June 2018: 12.1%)

Adventure Experiences: five year projections based on managements budgets with annual EBITDA growth rate of 4.0% from Year 2 to 5 (30 June 2018: 3.0%), terminal growth rate of 3.0% (30 June 2018: 3.0%) and a pre-tax discount rate of 15.4% (30 June 2018: 12.1%).

The recoverable amount of the Australia Skydive and New Zealand Skydive CGUs were estimated to be higher than the carrying amount as at 30 June 2019 and accordingly no impairment was recognised. The Adventure Experiences CGU recoverable amount was calculated to be significantly less than the carrying value and as a result an impairment of $52,570,000 of goodwill and other intangibles has been recognised.

The impairment is attributable to lower than anticipated benefits from integration and softer tourism trading conditions in the Tropical North Queensland region which has contributed to adverse impacts on projected cashflows. The Group notes that as at the date of the calculations it has commenced a strategic review of the Adventure Experiences segment that may lead to changes in the projected cash flows but as no formal plans had been implemented and/or sufficiently progressed any initiatives to improve future cash flows were not factored into the recoverable amount calculations.

The impairment charge recognised is non-cash in nature and has no impact on the Group's compliance with banking facility covenants.

SENSITIVITIES AND SIGNIFICANT ESTIMATES

The value-in-use calculation used in assessing the recoverable amount of the CGUs is subject to changes in assumptions which may result in additional impairment. Any future events that result in adverse changes in assumptions may result in impairment. To illustrate the potential impact of changes in key assumptions presented below is a summary of sensitivity changes to each of the CGUs and the corresponding potential impact that may arise in impairment beyond that recognised in the 30 June 2019 balances above.

In each case, all other assumptions have been held constant.

Australia Skydive

Key assumption	Sensitivity	Sensitivity impact
Discount rate	+100 bps	Recognition of impairment of $0.5 million
Terminal growth	-100 bps	No impairment required

NOTE 17 INTANGIBLE ASSETS (CONTINUED)

New Zealand Skydive

Key assumption	Sensitivity	Sensitivity impact
Discount rate	+ 100 bps	No impairment required
Terminal growth	-100 bps	No impairment required

Adventure Experiences

Key assumption	Sensitivity	Sensitivity impact
Discount rate	+ 100 bps	Additional impairment of $4.1 million
Terminal growth	-100 bps	Additional impairment of $2.6 million

Goodwill is allocated to cash-generating units which are based on the Group's reporting segments.

	2019 GOODWILL $000	2019 TRADEMARKS $000	2018 GOODWILL $000	2018 TRADEMARKS $000
Australia Skydiving operations	**4,969**	**2,122**	5,938	1,963
New Zealand Skydiving operations	**8,207**	**5,156**	8,207	5,156
Adventure Experiences operations	**-**	**1,960**	22,156	7,252
Total	**13,176**	**9,238**	36,301	14,370

NOTE 18 TRADE AND OTHER PAYABLES

	2019 $000	2018 $000
CURRENT		
Trade payables	**2,657**	4,147
Sundry payables and accrued expenses	**6,996**	5,483
	9,653	9,630

NOTE 19 BORROWINGS

	2019 $000	2018 $000
CURRENT		
Secured liabilities		
Bank loans	-	263
Finance lease liabilities	**2,955**	3,042
Total current borrowings	**2,955**	3,305
NON-CURRENT		
Secured liabilities		
Bank loans	**20,000**	18,004
Finance lease liabilities	**11,198**	14,226
Total non-current borrowings	**31,198**	32,230
Total borrowings	**34,153**	35,535

(a) Total current and non-current secured liabilities:

	2019 $000	2018 $000
Bank loan	**20,000**	18,267
Finance lease liabilities	**14,153**	17,268
	34,153	35,535

(b) Collateral provided

The Group entered into a Multi Option Facility Agreement with National Australia Bank Limited (NAB) in May 2017. The Multi Option Facility expires on 20 October 2020.

NAB has made available to the Group the following facilities:

- $25,000,000 Cash Advance Facility (30 June 2018: $20,000,000)
- $15,000,000 Master Asset Finance Facility (30 June 2018: $20,000,000)
- $500,000 Bank Guarantee Facility
- $3,000,000 Foreign Exchange & Commodity Hedging Facility

Existing NAB finance leases were transferred to the NAB Master Asset Finance Facility and existing finance leases with Westpac Banking Corporation remained in place.

As at 30 June 2019 $20,000,000 of the Cash Advance Facility had been utilised.

NOTE 19 BORROWINGS (CONTINUED)

The Westpac Banking Corporation Finance leases are secured by a charge over the assets financed. The leases are for 1-5 year terms and are repayable on a monthly basis. Interest rates on these finance leases generally range from 4% to 9%.

To secure the facilities with NAB, the Group and NAB have entered into a General Security Deed for both the Australian and New Zealand operations. NAB holds a security interest in and over all the secured property that the Group, with the exception of the charge on the assets secured for the Westpac Banking Corporation Finance leases. The NAB Finance leases are for 1-5 year terms and are repayable on a monthly basis. Interest rates on these leases currently range from 4% to 8%. Interest on the Cash Advance Facility is payable quarterly and interest rates on this facility currently range from 3% to 4%.

With regards the NAB facilities, at the end of each December and June reporting period, the Group is required to calculate and submit to NAB a (i) Fixed Cover Charge Ratio and (ii) a Gross Senior Leverage Ratio. The ratios were lodged during the reporting period and the company is compliant with all these ratios.

(c) Financial assets that have been pledged as part of the total collateral for the benefit of bank debt are as follows:

	2019	2018
	$000	$000
Cash and cash equivalents	**4,803**	7,171
Trade receivables	**4,399**	5,875
Total financial assets pledged	**9,202**	13,046

NOTE 20 DEFERRED TAX ASSETS AND LIABILITIES

NON CURRENT

Consolidated Group	Opening Balance	Acquired Business Acquisitions	Charged to Income	Charged Directly to Equity	Closing Balance
Deferred Tax Assets / (Liabilities)	**$000**	**$000**	**$000**	**$000**	**$000**
Property, Plant & Equipment	(2,720)	-	642	1,382	(696)
Intangible Assets	(3,477)	(53)	(546)	-	(4,076)
Provisions	608	-	617	-	1,225
Capital Raising Costs	538	-	(673)	1,032	897
Other	89	-	132	-	221
Balance at June 2018	**(4,962)**	**(53)**	**172**	**2,414**	**(2,429)**
Deferred Tax Assets / (Liabilities)					
Property, Plant & Equipment	(696)	-	958	963	1,225
Intangible Assets	(4,076)	-	9,188	-	5,112
Provisions	1,225	-	(60)	-	1,165
Capital Raising Costs	897	-	(64)	-	833
Other	221	-	979	-	1,200
Balance at June 2019	**(2,429)**	**-**	**11,001**	**963**	**9,535**

NOTE 21 EMPLOYEE BENEFITS

	2019 $000	2018 $000
CURRENT		
Employee Benefits		
Opening Balance	**2,834**	1,490
Amounts acquired in business combinations	**-**	674
Additional provisions	**1,998**	1,503
Amounts used	**(1,818)**	(833)
Reclass Non Current to Current	**19**	-
Closing Balance	**3,033**	2,834

	2019 $000	2018 $000
NON CURRENT		
Employee Benefits		
Opening Balance	**454**	183
Change of estimate of long service leave	**(137)**	-
Amounts acquired in business combinations	**-**	78
Additional provisions	**132**	197
Amounts used	**(167)**	(4)
Reclass Non Current to Current	**(19)**	-
Closing Balance	**263**	454

Analysis of Total Employee Benefits

CURRENT	3,033	2,834
NON-CURRENT	263	454
	-	-
Total	**3,296**	3,288

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service.

NOTE 21 EMPLOYEE BENEFITS (CONTINUED)

Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

Employee benefits obligation expected to be settled after 12 months	**1,258**	1,002

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

The probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 (n).

NOTE 22 CONTRACT LIABILITIES

	2019 $000	2018 $000
Opening balance	**1,158**	891
Transfer to revenue	**(1,158)**	(891)
Payments received in advance - performance not satisfied by 30 June 19	**1,733**	1,158
Closing balance	**1,733**	1,158

NOTE 23 PROVISIONS

	2019 $000	2018 $000
Opening balance	-	-
Onerous leases	**833**	-
Closing balance	**833**	-

Onerous leases comprise amounts recognised in relation to lease payments in excess of market rates.

NOTE 24 ISSUED CAPITAL

	2019 $000	2018 $000
555,811,840 (June 2018: 555,811,840) fully paid ordinary shares	**168,860**	168,860

Ordinary Shares

	2019 $ 000'S	2018 $ 000'S	2019 NO.	2018 NO.
At the beginning of the reporting period	**168,860**	84,321	**555,811,840**	434,877,669
Shares issued				
- 10 October 2017	-	20,001	-	30,304,000
- 3 November 2017	-	1,000	-	1,515,152
- 13 December 2017	-	57,056	-	77,102,361
- 14 December 2017	-	5,000	-	6,756,757
- 29 December 2017	-	3,889	-	5,255,901
- Capital raising costs (net of deferred tax)	-	(2,407)	-	-
	168,860	168,860	**555,811,840**	555,811,840

a) Ordinary shares

The fully paid ordinary shares have no par value.

b) Options & Rights

For information relating to share options issued during the financial year. Refer to Note 26: Share-based Payments.

SECURITY TYPE	GRANT DATE	EXERCISE PRICE $	VESTING DATE	EXPIRY DATE	NO OF RIGHTS
Options over shares	30 Jan 2015	0.25	Refer below[1]	9 Feb 2025	10,300,000

[1] Options have vested

NOTE 24 ISSUED CAPITAL (CONTINUED)

SECURITY TYPE	GRANT DATE	EXERCISE PRICE $	VESTING DATE	EXPIRY DATE	NO OF RIGHTS
Service Rights over Shares	30 Nov 18	nil	Refer below[1]	Refer below[1]	1,120,029
Service Rights over Shares	4 Mar 19	nil	4 Mar 20	31 Mar 20	540,540
Performance Rights over Shares	4 Mar 19	nil	4 Mar 20	31 Mar 20	360,360

[1] Vesting is in three equal annual instalments commencing on 30 November 2019 and ending on 30 November 2021, with an expiry date 1 month after each vesting date.

c) Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital, employee share options and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

	NOTE	2019 $000	2018 $000
Total borrowings	19	34,285	35,535
Less cash and cash equivalents	11	(4,803)	(7,171)
Net debt		29,482	28,364
Total equity		132,399	180,392
Total capital		161,881	208,756
Gearing ratio		18.2%	13.6%

NOTE 25 RESERVES

a) Asset Revaluation Reserve
The revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve.

b) Option Reserve
The option reserve records items recognised as expenses on valuation of employee share options.

c) Common Control Reserve
The common control reserve represents the excess purchase consideration over the carrying value of assets and liabilities acquired in the group reorganisation which occurred on 1 July 2014.

d) Foreign Currency Translation Reserve
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

e) Analysis of items of other comprehensive income by each class of reserve

	2019	2018
Asset Revaluation Reserve		
Opening balance	**1,382**	2,386
Revaluation gain/(loss) on property, plant and equipment	**4,669**	(1,004)
	6,051	1,382
Option Reserve		
Opening balance	**18**	18
Amount recognised in income statement for the year	**232**	-
	250	18
Common Control Reserve		
Opening balance	**(4,171)**	(4,171)
Amount acquired during the year	**-**	-
	(4,171)	(4,171)
Foreign currency translation reserve		
Opening balance	**(341)**	(266)
Exchange differences on translation of foreign operations	**463**	(75)
	122	(341)
Total reserves	**2,252**	(3,112)

NOTE 26 SHARE-BASED PAYMENTS

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

	2019 $000	2018 $000
Expense arising from equity-settled share-based payment transactions	**233**	-
Expense arising from cash-settled share-based payment transactions	**-**	-
Total expense arising from share-based payment transactions	**233**	-

The above table represents the portion of rights granted during FY19 for Service Rights and Performance Rights that were expensed in the current year as per independent valuation.

A summary of the movements of all Options & Rights issued is as follows:

	OPTIONS OUTSTANDING AT 1 JULY 2018	PERFORMANCE RIGHTS GRANTED TO KMP	SERVICE RIGHTS GRANTED TO KMP & OTHER	SERVICE RIGHTS GRANTED TO CHAIR	TOTAL
Balance at 1 July 2017	10,300,000[1]	-	-	-	10,300,000
Balance at 1 July 2018	10,300,000[1]	-	-	-	10,300,000
Granted during year	-	360,360[2]	1,120,029[2]	540,540[2]	2,020,929
Balance at 30 June 2019	10,300,000	360,360	1,120,029	540,540	12,320,929
Options exercisable as at 30 June 2019:	10,300,000	-	-	-	10,300,000
Options exercisable as at 30 June 2018:	10,300,000	-	-	-	10,300,000
Weighted average exercise price:	$0.25	nil	nil	nil	
Weighted average life of the option:	5 Years	0.75 Years	1.42 Years	0.75 Years	
Expected share price volatility:	30%	30%	30%	30%	
Risk-free interest rate:	1.36%	1.36%	1.36%	1.36%	

[1] In 2015, a total of 10,300,000 share options were granted to directors under the STB Share Option Plan to take up ordinary shares at an exercise price of $0.25 each.

[2] Vesting conditions other than market conditions are not taken into account when estimating the fair value and any service requirement to be rendered is presumed to be received.
The fair value at grant is based on the market price of the shares reduced by the present value of dividends expected to be paid during the vesting period.

Refer to remuneration report on p23 for details relating to Options & Rights

NOTE 26 SHARE-BASED PAYMENTS (CONTINUED)

PERFORMANCE RIGHTS GRANTED TO KMP

OPENING BALANCE	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	CLOSING BALANCE	FAIR VALUE AT GRANT DATE $	FAIR VALUE AT GRANT DATE PER SHARE $	EXERCISE PRICE $	VESTING DATE	DATE OF EXPIRY
-	360,360	-	360,360	124,432	0.3453	nil	4 March 2020	30 March 2020

- Details of Performance Rights granted are included on page 26 of this annual report
- No Performance Rights vested during the year

SERVICE RIGHTS GRANTED TO KMP & OTHER

NON-EXECUTIVE DIRECTOR SERVICE RIGHTS – BOARD FEES SACRIFICED								
OPENING BALANCE	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	CLOSING BALANCE	FAIR VALUE AT GRANT DATE $	FAIR VALUE AT GRANT DATE PER SHARE $	EXERCISE PRICE $	VESTING DATE	DATE OF EXPIRY
-	1,120,029	-	1,120,029	342,581	refer below[1]	nil	refer below[2]	refer below[2]

NOTE
[1] Fair value at grant date is $0.3403 for Tranche 1, $0.3308 for Tranche 2 and $0.3216 for Tranche 3
[2] Vesting is in three equal annual instalments commencing on 30 November 2019 and ending on 30 November 2021, with an expiry date 30 days after each vesting date

- Details of Service Rights granted are provided on page 35 of this remuneration report
- No Service Rights vested during the year

SERVICE RIGHTS GRANTED TO CHAIR

SERVICE RIGHTS – IN LIEU OF FIXED REMUNERATION FOR ROLE AS EXECUTIVE CHAIR OF BOARD								
OPENING BALANCE	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	CLOSING BALANCE	FAIR VALUE AT GRANT DATE $	FAIR VALUE AT GRANT DATE PER SHARE $	EXERCISE PRICE	VESTING DATE	DATE OF EXPIRY
-	540,540	-	540,540	186,648	0.3453	nil	4 Mar 19	30 Mar 20

- Details of Service Rights granted are provided on page 33 of this remuneration report
- No Service Rights vested during the year

NOTE 27 CASH FLOW INFORMATION

	2019 $000	2018 $000
Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
(Loss) / Profit after income tax	**(48,257)**	6,785
Non-cash flows in profit		
Depreciation and amortisation	**13,950**	13,492
Impairment	**62,534**	1,746
One off items - Non Cash	**4,891**	-
Net gain on sale of assets	**(284)**	-
Unrealised foreign currency exchange gains/(losses)	**20**	(77)
Changes in assets and liabilities, net of the effects of purchase:		
(Increase)/decrease in trade and other receivables	**3,367**	(950)
(Increase)/decrease in other current assets	**(608)**	55
(Increase) in inventories	**(253)**	(453)
Decrease in trade and other payables	**(1,271)**	(1,623)
Decrease in income taxes payable	**(3,800)**	(2,158)
Decrease in deferred taxes payable	**(11,964)**	(2,957)
Increase in provisions	**198**	982
Cash flows from operating activities	**18,523**	14,842

Changes in Liabilities arising from financing activities

	BANK LOANS $000'S	LEASE LIABILITY $000'S	VENDOR FINANCE LOAN $000'S	TOTAL $000'S
Balance at 1 July 2017	15,224	12,196	2,204	29,624
Net cash used in financing activities	3,043	5,072	(2,204)	5,911
Balance at 30 June 2018	18,267	17,268	-	35,535
Net cash from / (used in) financing activities	1,733	(3,115)	-	(1,382)
Balance at 30 June 2019	20,000	14,153	-	34,153

NOTE 28 CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

	2019 $000	2018 $000
Payable — minimum lease payments		
- not later than 12 months	**3,630**	3,895
- between 12 months and five years	**12,120**	15,809
- later than five years	**-**	-
Minimum lease payments	**15,750**	19,704
Less future finance charges	**(1,597)**	(2,436)
Present value of minimum lease payments	**14,153**	17,268

Included in finance leases are hire purchase liabilities, commercial loans and goods mortgages which are secured by a charge over the assets financed. The leases are for 1-5 year terms and are repayable on a monthly basis.

(b) Operating Lease Commitments

	2019 $000	2018 $000
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable — minimum lease payments		
- not later than 12 months	**1,659**	1,204
- between 12 months and five years	**3,043**	2,407
- later than five years	**2,063**	169
	6,765	3,780

With the introduction of AASB 16 there has been additional work done around classification of operating lease commitments. During this process 19 leases have been identified in the current year that should have been included in the prior year operating leases note. The 2018 comparative balance have been updated to reflect this. In addition, there have also been six new leases in the current year.

Included in operating leases are various non-cancellable property leases with 1-20 year terms, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that minimum lease payments shall be increased by the lower of the change in the consumer price index (CPI) or 3-5% per annum. Options exist to renew certain leases at the end of the term for an additional 1-15 years.

(c) Capital Expenditure Commitments

There were no capital expenditure commitments as at 30 June 2018 or 30 June 2019

NOTE 29 RELATED PARTY TRANSACTIONS

RELATED PARTIES

a) The Group's main related parties are as follows:

i. **Entities exercising control over the Group:**
The ultimate parent entity that exercises control over the Group is Experience Co Limited, which is incorporated in Australia.

ii. **Key Management Personnel:**
Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including directors (executive and non-executive) of that entity. For details of disclosures relating to key management personnel, refer to Note 7.

iii. **Other Related Parties:**
Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

b) Transactions with related parties:
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

Property lease payments and utility costs to IGMAITB Pty Ltd, as trustee for ('atf') IGMAITB Discretionary Trust, being an entity controlled by Anthony Boucaut (Managing Director), for the property located at 3453 Spencers Brook Rd, York WA

Property lease payments and utility costs to Mornington Waters atf Jaspers Brush Property Trust, being an entity controlled by Anthony Boucaut (Managing Director), for the property located at Lot1, DP813335, Swamp Rd, Jaspers Brush, NSW

Property lease payments and utility costs to IGMAITB Pty Ltd atf IGMAITB Discretionary Trust, being an entity controlled by Anthony Boucaut (Managing Director), for the property located at Belmont Airport, NSW

Property lease payments and utility costs to IGMAITB Pty Ltd atf IGMAITB Discretionary Trust, being an entity controlled by Anthony Boucaut (Managing Director), for the property located at 12 Air Whitsunday Rd, Flametree QLD

Property lease payments and utility costs to Illawarra Hangar Pty Ltd atf Illawarra Hangar Unit Trust, being an entity controlled by Anthony Boucaut (Managing Director), for the property located at Hangar 5, 32 Airport Rd, Albion Park Rail NSW

	2019	2018
	$	$
Total lease payments for the above properties (i)	**692,458**	452,661

(i) The total lease payments in the financial year ended 30 June 2019 was higher than the prior year due to review of historical lease payments which identified certain shortfalls in rent from the 1 July 2015 to 30 September 2018 period. This resulted in a one-off retrospective adjustment of $222,798 in the financial year ended 30 June 2019

During the year, Companies associated with Executive Director Anthony Boucaut charged the Company a fee for historical guarantees provided on behalf of Experience Co Limited. Since listing on the ASX the charge was 1.5% of total debt funding that the company had in place for which Anthony Boucaut stood as guarantor.

NOTE 29 RELATED PARTY TRANSACTIONS (CONTINUED)

	2019	2018
	$	$
Total fees paid for the above	**76,199**	76,199

Property lease payments to Celeste Ritter, being a related party to Anthony Ritter (former Chief Executive Officer), for the property located at 3/15 Melbourne Street, Queenstown, NZ

	2019	2018
	$	$
Total fees paid for the above	**48,000**	72,000

c) Amounts outstanding from related parties

Trade and Other Receivables
Unsecured loans are made by the ultimate parent entity, subsidiaries, directors, key management personnel and other related parties on an arm's length basis. Terms and conditions are set for each loan in formalised loan agreements.

Loans to Key Management Personnel

	2019	2018
	$	$
Beginning of the year	**1,587,618**	1,453,126
Total Interest Adjustments during the year	**(50,401)**	0
Loans Advanced for the period	**153,448**	361,000
Cash Repayments for the period	**(135,000)**	(300,000)
Other Repayments for the period	**(320,981)**	0
Interest charged	**41,010**	73,492
End of year	**1,275,694**	1,587,618

The outstanding related party loan balance as at 30 June 2019 comprises two unsecured loans to Boucaut Enterprises Pty Limited as trustee for Boucaut Family Trust ('the Borrower'), related entity, associated with Anthony Boucaut (Executive Director). The first loan ('First Loan Agreement') of $1,200,000 was entered into on 17 February 2015 and expires on 28 February 2021. The second loan ('Second Loan Agreement') of $840,000 and expires on 30 June 2023. As at 30 June 2019 these loans bear interest at a rate of 3.25% (30 June 2018: 3.50%), being 2% per annum over the Reserve Bank of Australia's cash rate at the time.

Under the terms of the First Loan Agreement and the Second Loan Agreement, the Borrower must pay to the Lender a minimum aggregate amount of $300,000 per annum (or such lessor amount as represents the then total amount of the Principal and accrued interest outstanding) on the anniversary of loans each year until the expiry dates. In the event that Anthony Boucaut ceases to control or Boucaut Enterprises Pty Limited ceases to be the trustee of the Boucaut Family Trust the outstanding amount actually or contingently owing as at that date shall become immediately due and payable to the Lender and the obligations of the Lender under the two loans shall terminate.

During the financial year ended 30 June 2019 there was a further loan agreement ('Third Loan Agreement') with the Borrower for the amount of $450,000. This amount was repaid during the period.

NOTE 30 EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group 's operations, the results of those operations, or the Group 's state of affairs in future financial years.

NOTE 31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group has no contingent assets or contingent liabilities at 30 June 2019.

NOTE 32 FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

FINANCIAL ASSETS	2019 $000	2018 $000
Cash and cash equivalents (Note 11)	**4,803**	7,171
Loans and receivables (Note 12)	**6,621**	10,188
Other financial assets	**-**	
at fair value		
- shares in other corporations (Note 14)	**1**	27
- unlisted investments (Note 14)	**-**	1,533
Total other financial assets	**1**	1,560
Total Financial Assets	**11,425**	18,919
Financial Liabilities		
Financial liabilities at amortised cost		
- Trade and other payables (Note 18)	**9,653**	9,630
- Borrowings (Note 19)	**34,153**	35,535
Total Financial Liabilities	**43,806**	45,165

FINANCIAL RISK MANAGEMENT POLICIES

The Board of Directors are responsible for, among other issues, managing financial risk exposures of the Group. The Board monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to currency risk, liquidity risk and interest rate risk.

The overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of credit risk policies and future cash flow requirements.

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and foreign currency risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

NOTE 32 FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through regular monitoring of customer accounts and payments. Such monitoring is used in assessing receivables for impairment.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to parties securing the liabilities of certain subsidiaries.

There is no collateral held by the Group securing receivables.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Credit risk is limited to booking agents as almost all customers pay for tandem jumps before the jump takes place.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 12.

Credit risk related to balances with banks and other financial institutions is managed by the Board. Generally, surplus funds are only invested with the major Australian banks. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	2019 $000	2018 $000
Cash		
AA- Rated	**4,579**	7,129
Held-to-maturity securities		
AA- Rated	**224**	42
	4,803	7,171

b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- Preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- Monitoring undrawn credit facilities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

NOTE 32 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table details the Group's remaining contractual maturity for its financial instrument liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	WITHIN 1 YEAR		1 TO 5 YEARS		OVER 5 YEARS		TOTAL	
	2019 $000	2018 $000	2019 $000	2018 $000	2019 $000	2018 $000	2019 $000	2018 $000
Financial liabilities due for payment								
Bank loans	**-**	263	**20,132**	18,004	-	-	**20,132**	18,267
Trade and other payables	**9,21**	9,630	**-**	-	-	-	**9,521**	9,630
Finance lease liabilities	**2,955**	3,042	**11,198**	14,226	-	-	**14,153**	17,268
Total expected outflows	**12,476**	12,935	**31,330**	32,230	-	-	**43,806**	45,165

	WITHIN 1 YEAR		1 TO 5 YEARS		OVER 5 YEARS		TOTAL	
	2019 $000	2018 $000	2019 $000	2018 $000	2019 $000	2018 $000	2019 $000	2018 $000
Financial Assets - cash flows realisable								
Cash and cash equivalents	**4,803**	7,171	**-**	-	-	-	**4,803**	7,171
Trade and other receivables	**5,345**	8,085	**-**	-	-	-	**5,345**	8,085
Amounts receivable from related parties	**300**	300	**976**	1,288	-	-	**1,276**	1,588
Other financial assets	**1**	1,560					**1**	1,560
Total anticipated inflows	**10,449**	17,116	**976**	1,288	-	-	**11,425**	18,404
Net (outflow) / inflow on financial instruments	**(2,027)**	4,181	**(30,354)**	(30,942)	-	-	**(32,381)**	(26,761)

Financial assets pledges as collateral

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts. Refer to Note 19 for further details.

c) Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments. The financial instruments that primarily expose the Group to interest rate risk are borrowings and cash and cash equivalents.

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2019 approximately 41% (2018: 45%) of group debt is fixed.

NOTE 32 FINANCIAL RISK MANAGEMENT (CONTINUED)

ii. **Foreign exchange risk**

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the NZ Dollar may impact on the Group's financial results.

There are currently no hedging arrangements in place to manage foreign currency risk.

SENSITIVITY ANALYSIS

The following table illustrates sensitivities to the Group's exposures to changes in interest rates, exchange rates and commodity and equity prices. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	PROFIT
Year ended 30 June 2019	**$000**
+/- 2% in interest rates	**380**
Year ended 30 June 2018	
+/- 2% in interest rates	177

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

FAIR VALUES

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Refer to Note 33 for detailed disclosures regarding the fair value measurement of the group's financial assets and financial liabilities.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments, which are carried at amortised cost (i.e. term receivables, held-to-maturity assets, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Group.

NOTE 32 FINANCIAL RISK MANAGEMENT (CONTINUED)

CONSOLIDATED GROUP	NOTE	2019 CARRYING AMOUNT $000	2019 FAIR VALUE $000	2018 CARRYING AMOUNT $000	2018 FAIR VALUE $000
Financial assets					
Cash and cash equivalents	11	**4,803**	**4,803**	7,171	7,171
Trade and other receivables:					
- related parties - loans and advances	12	**1,276**	**1,276**	1,588	1,588
- unrelated parties - trade and term receivables	12	**5,345**	**5,345**	8,600	8,600
Total trade and other receivables	12	**6,621**	**6,621**	10,188	10,188
Other financial assets:					
- at cost:					
- share in other corporations	14	**1**	**1**	27	27
- unlisted investments	14	**-**	**-**	1,533	1,533
Total other financial assets		**-**	**-**	1,560	1,560
Total financial assets		**11,425**	**11,425**	18,919	18,919
Financial liabilities					
Trade and other payables	18	**9,653**	**9,653**	9,630	9,630
Finance lease liabilities	28	**14,153**	**14,153**	17,268	17,268
Bank debt	19	**20,000**	**20,000**	18,267	18,267
Total financial liabilities		**43,806**	**43,806**	45,166	45,166

NOTE 33 FAIR VALUE MEASUREMENTS

The Group measures and recognises the aircraft assets at fair value on a recurring basis after initial recognition.

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

a) Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

LEVEL 1	LEVEL 2	LEVEL 3
Measurements based on quoted prices (unadjusted) in active markets for indentical assets or liabilities that the entity can access at the measurement date	Measurements bas on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly	Measurements based on unobservable inputs for the asset or liability

NOTE 33 FAIR VALUE MEASUREMENTS (CONTINUED)

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Group elects to use external valuation experts where possible. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

					2019
		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
FINANCIAL ASSETS	NOTE	$000	$000	$000	$000
Unlisted investments	14	-	-	1	1
Recurring fair value measurements					
Non-financial assets					
Aircraft	16			**46,654**	**46,654**
Helicopters	16			**19,369**	**19,369**
Total non-financial assets recognised at fair value on a non-recurring basis		-	-	**66,024**	**66,024**

NOTE 33 FAIR VALUE MEASUREMENTS (CONTINUED)

FINANCIAL ASSETS	NOTE	LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000	2018 TOTAL $000
Unlisted investments	14	-	-	1	1
Recurring fair value measurements					
Non-financial assets					
Aircraft	16			**45,327**	**45,327**
Total non-financial assets recognised at fair value on a non-recurring basis		-	-	**63,448**	**63,448**

b) Valuation techniques and inputs used to measure Level 3 fair values

DESCRIPTION	FAIR VALUE ($) AT 30 JUNE 2019	VALUATION TECHNIQUE(S)	INPUTS USED
Financial and Non-financial assets			
Unlisted investments	1	Cost approach	Unlisted investments have been valued using a discounted cash flow model
Aircraft	46,654	Market approach using recent observable market data for similar assets	Make and model of aircraft or helicopter frame, engines and other key components, maintenance status, damage history
Helicopters	19,369		

The fair value of aircraft equipment and helicopter equipment is expected to be determined at least every two years based on valuations by an independent valuer, with the last revaluation being 30 June 2019. At the end of each intervening period, the directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data.

There were no changes during the period in the valuation techniques used by the Group to determine Level 3 fair values.

NOTE 33 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	AIRCRAFT	HELICOPTERS	UNLISTED INVESTMENTS	TOTAL
	$000	$000	$000	$000
Balance at 1 July 2017	43,105	-	-	43,105
Additions	10,697	17,625	1,533	29,855
Loss recognised in profit or loss	(1,746)	-	-	(1,746)
Depreciation expense	(6,729)	(1,037)		(7,766)
Balance at 30 June 2018	45,327	16,588	1,533	63,448
Additions	**2,424**	**7,556**	**-**	**9,980**
Disposals	**(1,716)**	**(984)**	**-**	**(2,701)**
Gain recognised in other comprehensive income	**1,533**	**1,878**	**-**	**3,411**
Loss recognised in profit or loss	**-**	**(3,440)**	**(1,532)**	**(4,972)**
Depreciation Expense	**(2,403)**	**(2,229)**	**-**	**(4,632)**
Transfer between Asset Classes	**1,489**	**-**	**-**	**1,489**
Balance at 30 June 2019	**46,654**	**19,369**	**1**	**66,024**

NOTE 34 PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

STATEMENT OF FINANCIAL POSITION	2019 $000	2018 $000
ASSETS		
Current Assets	**7,745**	7,024
Non-current Assets	**140,676**	154,827
TOTAL ASSETS	**148,421**	161,851
LIABILITIES		
Current Liabilities	**2,110**	1,805
Non-current Liabilities	**25,145**	20,190
TOTAL LIABILITIES	**27,254**	21,995
EQUITY		
Issued Capital	**167,828**	167,828
Retained earnings	**(47,003)**	(28,081)
Reserves	**342**	109
TOTAL EQUITY	**121,167**	139,856
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total profit	**(10,012)**	(6,932)
Total comprehensive income	**(10,012)**	(6,932)

GUARANTEES

The Parent entity has entered into financial guarantees with NAB as disclosed at Note 19.

CONTINGENT LIABILITIES

The Parent entity had no contingent liabilities as at 30 June 2018 or 30 June 2019.

CONTRACTUAL COMMITMENTS

The Parent entity had no contractual commitments as at 30 June 2018 or 30 June 2019.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment

The directors of the company declare that, in the opinion of the directors:

a) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
   i) Give a true and fair view of the financial position and performance of the Group; and
   ii) Comply with Australian Accounting Standards, including the Interpretations and Corporations Regulations 2011.

b) The financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1;
c) The Directors have been given the declarations required by s.295A of the Corporations Act 2011; and
d) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors:

____

Kerry Robert (Bob) East
Chairman

Dated: 30 September 2019

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500
F +61 (0) 2 8226 4501

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
To the Directors of Experience Co Limited

Opinion

We have audited the financial report of Experience Co Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

RSM

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Goodwill and Other Intangible Assets
Refer to Note 17 in the financial statements</td></tr>
<tr><td>Experience Co group has significant intangible assets which mainly resulted from acquisitions in the 2017 and 2018 financial year. Goodwill and Trade Names have an indefinite useful economic life. Therefore, they are not amortised, but are subject to annual testing for impairment in accordance with AASB 136 Impairment.

In the 2019 financial year, an impairment of $52,570,000 has been recognised against intangible assets in the "other adventure" cash generating unit (CGU) and the carrying amount of total intangible assets has been reduced from $84,968,000 to $29,986,000.

We determined this area to be a key audit matter due to the size of the intangible assets balance, and because the directors' assessment of the 'value in use' of each ('CGU') involves judgements about the future underlying cash flows of the business and the discount rates applied to them.

For the year ended 30 June 2019 management have performed an impairment assessment over the goodwill balance by:
• Determining that the entity has three CGUs and allocating goodwill and other intangible assets across the three CGUs.
• Calculating the value in use for each CGU using a discounted cash flow model. These models used cash flows (revenues, expenses and capital expenditure) for the CGU for five years, with a terminal growth rate applied to the fifth year. These cash flows were then discounted to net present value using the Company's weighted average cost of capital (WACC); and
• Comparing the resulting value in use of each CGU to their respective book values.

Management also performed a sensitivity analysis over the value in use calculation, by varying the assumptions used (growth rates, terminal growth rate and WACC) to assess the impact on the valuations.</td><td>Our audit procedures in relation to the valuation of goodwill and other intangible assets included the following:
• Assessing management's allocation of the goodwill across the three CGUs, based on the nature of the Group's business and the manner in which results are monitored and reported
• Evaluating the assumptions and methodologies used by the Company in preparing the value in use calculation, in particular those relating to the sales growth rate, projected future expenditure, and pre-tax discount rate.
• The cash flow projections for each cash-generating unit have been assessed and challenged by us, including an assessment of the historical accuracy of management's estimates and evaluation of business plans.
• Reviewing the sensitivity analysis prepared by management, to assess the headroom in each cash generating unit.
• Assessing the adequacy of the disclosures in the financial statements for Goodwill assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill.</td></tr>
</table>

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Revenue Refer to Note 4 in the financial statements	
The recognition of revenue and the associated deferred revenue is significant to the audit and is considered to be a key audit matter due to the nature of the revenue, which is often paid in advance of the services being rendered. The group is therefore required to recognise such receipts as deferred revenue until such time as the services are rendered under AASB15. There are potential risks in relation to the following: • Revenue may be overstated as a result of management override of internal controls. The management of the Group considers revenue as a key performance measure which could create an incentive for revenue to be recognised before the services have been provided. • Due to the manner in which the Experience Co recognises revenue through their recognition process (booking revenue upon receiving cash payment and booking deferred revenue at period end to reverse the part of revenue which has not earned – that is, services that have not been rendered). This increases the risk of overstatement of revenue due to incompleteness of the deferred revenue schedule which is the basis for the deferred revenue recognition journal.	We obtained a detailed understanding of each of the sources of revenue and the related systems processes for quantifying and recording revenue and deferred revenue. Our audit procedures in relation to revenue recognition and deferred revenue included the following: • Considered the adequacy of the Group's revenue recognition policies and assessing them for compliance with Australian Accounting Standards. • Where applicable, testing the operating effectiveness of key controls in relation to bookings. • Selecting a sample of entries in the sales ledger accounts and testing that the amounts recognised are consistent with cash banked • Obtained the deferred revenue schedule as at year end, on a sample basis, tested the completeness and accuracy of the deferred revenue schedule by selecting a sample of payments made before year end based on the nature of the activities and traced to evidence as whether the services have been rendered before year end and check whether the cash payment is correctly included or excluded on deferred revenue schedule. • Ensuring that the balances reflected in the deferred revenue accounts were properly reconciled to the deferred revenue reports as per the customer booking systems.

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Property, Plant and Equipment Refer to Note 16 in the financial statements	
The Group currently owns aircraft, property, plant and with a carrying value of $118,868,000. The more significant classes of property, plant and equipment include following: • Aircraft with carrying values of $46,654,000 • Helicopter with carrying values of $19,369,000 • Vessels with carrying values of $26,990,000 The accounting in respect of the property, plant and equipment for the Group is complex and non-routine due to the nature of the equipment and the judgement required in determining useful lives, residual values, and the valuation of the major components of the assets. The company has revalued its entire class of aircraft and helicopter's in the current year by using management's expert.	Our audit procedure in relation to property, plant and equipment included following: *Residual Values and Asset Components* • Obtained the accounting memoranda of aircraft and helicopter depreciation methodology to assess the reasonableness of the evidence provided by management to support the residual value and components split of the assets by comparing it to external evidence and historical sales values. • Assessing the adequacy of the disclosures in financial statements for the critical accounting estimates and judgements in the accounting policy notes and ensure the disclosures are consistent with the applied practices. • On a sample basis, test the residual values and asset component split are in line with accounting memoranda of aircraft and helicopter depreciation method. *Useful lives* • Obtaining the accounting memoranda of aircraft and helicopter depreciation methodology to assess the reasonableness of evidence provided by management to support the useful lives of the assets by comparing it to available external evidence or confirmation provided by internal and external experts. • Reviewed the depreciation method used in the fixed asset register to ensure it is in line with depreciation method prescribed in accounting memoranda. • For newly acquired aircrafts and helicopters, assessed the reasonableness of the useful lives by comparing to similar aircraft, helicopters and engines in the Groups fleet. • For existing engine and fuselage, assessing reasonableness of the useful lives by reviewing consistency with other aircraft in the fleet. *Fair Values* • Obtaining the revaluation calculation schedule to review and ensure the revaluation journal was quantified and recorded according to Accounting Standards.

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	• Where valuations have been prepared by a management's expert, we have performed the following: ➢ Evaluate the competence, capabilities and objectivity of that expert; ➢ Obtain an understanding of the work of that expert; and ➢ Evaluate the appropriateness of that expert's work as audit evidence for the relevant assertion.

Responsibilities of the Directors 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 36 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Experience Co Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

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RSM Australia Partners

C J Hume
Partner

Sydney, 30 September 2019

The following information is current as at 12 September 2019.

1. Shareholding

a) Distribution of Shareholders

CATEGORY (SIZE OF HOLDING)	NUMBER ORDINARY
1-1,000	**188**
1,001-5,000	**632**
5,001-10,000	**325**
10,001-100,000	**559**
100,000 - and over	**84**
	1,788

b) Shareholdings in less than marketable parcels

The number of shareholdings held in less than marketable parcels is 73.

c) Substantial shareholders

The names of the substantial shareholders listed in the holding company's register are:

SHAREHOLDER	NUMBER OF ORDINARY FULLY PAID SHARES HELD	% HELD OF ISSUED ORDINARY CAPITAL
BOUCAUT ENTERPRISES PTY LTD AND RELATED ENTITIES	**180,388,044**	32.45%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	**161,297,666**	29.02%
NATIONAL NOMINEES LIMITED	**52,570,823**	9.45%
UBS NOMINEES PTY LTD	**39,810,182**	7.16%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	**18,896,979**	5.85%

d) Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares
On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

e) 20 Largest Shareholders – Ordinary Shares

NAME	NUMBER OF ORDINARY FULLY PAID SHARES HELD	% HELD OF ISSUED ORDINARY CAPITAL
BOUCAUT ENTERPRISES PTY LTD AND RELATED ENTITIES	**180,388,044**	32.45%
J P MORGAN NOMINEES AUSTRALIA PTY LTD	**161,297,666**	29.02%
NATIONAL NOMINEES LIMITED	**52,570,823**	9.45%
UBS NOMINEES PTY LTD	**39,810,182**	7.16%
HSBC CUSTODY NOMINEES	**32,547,177**	5.85%
CITICORP NOMINEES PTY LIMITED	**18,896,979**	3.40%
AUST EXECUTOR TRUSTEES LTD	**11,417,164**	2.05%
MS ARIANE RADFORD	**6,227,940**	1.12%
MIRRABOOKA INVESTMENTS LIMITED	**4,200,000**	0.75%
MRS JOSEPHINE MARY WALLACE	**3,040,541**	0.54%
MR JAMES DARROCH WALLACE	**3,040,540**	0.54%
WHITFIELD INVESTMENTS PTY LTD	**1,800,545**	0.32%
SARGON CT PTY LTD	**1,554,090**	0.28%
MR CRAIG GRAEME CHAPMAN	**1,514,348**	0.27%
MS CELESTE LINDA RITTER	**1,000,000**	0.18%
MR WARWICK IAN PROWSE	**900,000**	0.16%
MR KERRY ROBERT EAST	**700,000**	0.12%
RADROB PTY LTD	**696,086**	0.12%
RYMILL HOLDINGS PTY LTD	**680,000**	0.12%
DAVIES WALLACE PTY LTD	**675,676**	0.12%
Total Securities of Top 20 Holdings	**522,957,801**	94.09%

2. The Company Secretary is Fiona Van Wyk

3. The address of the principle office in Australia is:
1/51 Montague Street, Wollongong NSW 2500.
Telephone 1300 663 634

4. Registers of securities are held at the following addresses:
Boardroom Pty Ltd Level 12, 225 George Street, Sydney NSW 2000

5. Stock Exchange Listing
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

Directors:	Kerry (Bob) East John Diddams Colin Hughes Anthony Boucaut John O'Sullivan
Company Secretary:	Fiona van Wyk
Registered Office:	Level 1, 51 Montague Street North Wollongong NSW 2500
Principal Place of Business:	Level 1, 51 Montague Street North Wollongong NSW 2500
Lawyers:	Bird & Bird Level 22, MLC Centre, 19 Martin Place, Sydney NSW 2000
Auditors:	RSM Australia Partners Level 13, 60 Castlereagh Street Sydney NSW 2000
Share Registry:	Boardroom Pty Ltd Level 12, 225 George Street Sydney NSW 2000
Bankers:	National Australia Bank Limited Level 22, 255 George Street Sydney NSW 2000 Westpac Banking Corporation Level 1, 25 Atchison Street, Wollongong NSW 2500
Stock Exchange Listing Code:	EXP
Website:	www.experienceco.com