

ExperienceCo.™ LIMITED

ACN 167 320 470



APPENDIX 4E - PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018





ACN 167 320 470

**Experience Co Limited and Controlled Entities
(formerly Skydive the Beach Group Limited)
ACN: 167 320 470**

**Appendix 4E - Preliminary Final Report
For The Year Ended 30 June 2018**

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**Experience Co Limited and Controlled Entities
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**Appendix 4E - Preliminary Final Report
for the year ended 30 June 2018**

Results for announcement to the market

	Year ended 30 June 2018 \$'000	Year ended 30 June 2017 \$'000	Variance %
Revenue from ordinary activities	135,300	89,566	51.1%
Earnings before interest, taxes, depreciation, amortisation and impairment (EBITDAI)*	27,411	20,988	30.6%
Net profit after tax **	6,785	9,482	-28.4%
Profit after tax attributable to members of the parent entity	6,785	9,482	-28.4%
Earnings per share (cents)			
- Basic	1.34	2.24	-40.0%
- Diluted	1.31	2.18	-39.8%
Cash and cash equivalents	7,171	9,490	-24.4%

* EBITDAI is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDAI to reflect the core earnings of the consolidated entity.

** Includes a revaluation write-down of \$1,746,000 (2017: nil) of property, plant and equipment, and amortisation of customer relationships, leases and licences of \$3,164,000 (2017: \$876,000).

Dividends

On 29 September 2017, a fully franked dividend of \$0.01 per share was paid out of retained profits at 30 June 2017, amounting to \$4,349,000.

The Directors have declared a final and fully franked dividend of \$0.01 per share, amounting to \$5,558,000, payable on 28 September 2018 out of retained profits at 30 June 2018. For the purposes of determining any entitlement to the dividend, the record date has been set as 17 September 2018.

Significant Events

On 6 September 2017 the name of the Company was changed from Skydive the Beach Group Limited to Experience Co Limited.

On 10 October 2017 30,304,000 shares were issued at \$0.66 each to institutional investors and on 3 November 2017 1,515,152 shares were issued at \$0.66 each, both share issues were to fund the acquisition part of the GBR Helicopters Pty Ltd.

On 13 December 2017, 77,102,361 shares were issued at \$0.74 each to institutional investors, and on 29 December 2017, 5,255,901 shares were issued at \$0.74 each to retail investors on the basis of 3 shares for every 17 shares held. Both share issues were to fund the acquisitions of Big Cat Green Island Cruises and Tropical Journeys.

Experience Co Limited acquired the following adventure businesses from 1 July 2017 to 30 June 2018:

- 21 July 2017 acquired 100% of the ordinary shares in Byron Bay Ballooning Pty Ltd.
- 18 September 2017 acquired 100% of the ordinary shares in Air Vistas Pty Ltd trading as Wine Country Ballooning.
- 1 November 2017 acquired 100% of the ordinary shares in GBR Helicopters Pty Ltd and GBRH Holdings Pty Ltd.
- 28 November 2017 acquired 100% of the ordinary shares in Blue Ocean Productions Pty Ltd.
- 13 December 2017 acquired 100% of the ordinary shares in J & J Wallace (Projects) Pty Ltd trading as Big Cat Green Island Reef Cruises.
- 19 December 2017 acquired 100% of the ordinary shares in Calypso Reef Charters Pty Ltd and Experience Daintree Pty Ltd trading as Tropical Journeys.

Commentary on the Results

As at 30 June 2018, Experience Co Limited operated 18 skydiving drop zones in Australia and 3 in New Zealand. In Australia, the skydiving drop zones are located across New South Wales, Queensland, Victoria and Western Australia, while the three New Zealand skydiving drop zones are located in Queenstown, Glenorchy and Wanaka.

As at 30 June 2018 in addition to Tandem Skydiving, the Group operated a number of adventure tourism companies, located throughout Australia, predominantly in Far North Queensland. The company offers experiences of white water rafting, hot air ballooning, canyoning, sea kayaking, boat and helicopter scenic tours to the Great Barrier Reef, and personalised tours to the Daintree Rainforest.

A reconciliation between EBITDAI and profit after income tax for the financial year ended 30 June 2018 is included below.

	Year ended 30 June 2018 \$'000	Year ended 30 June 2017 \$'000
Earnings before interest, taxes, depreciation, amortisation and impairment (EBITDAI)	27,411	20,988
Less: Depreciation, amortisation and impairment	(15,238)	(6,165)
Less: Finance costs	(1,857)	(1,255)
Profit before tax	10,316	13,568
Income tax expense	(3,531)	(4,086)
Net profit for the year after tax	6,785	9,482

**Experience Co Limited and Controlled Entities
(formerly Skydive the Beach Group Limited)**

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**Appendix 4E - Preliminary Final Report
for the year ended 30 June 2018**

The EBITDAI for the year ended 30 June 2018 increased by 31% when compared to the year ended 30 June 2017. When comparing the EBITDAI for the 12 months to 30 June 2018 set out below is the number of months trading from major acquisitions year on year:

	30 June 2018	30 June 2017
Raging Thunder Adventures purchased on 31 October 2016.	12 months	8 months
Reef Magic Cruises purchased on 1 May 2017.	12 months	2 months
Byron Bay Ballooning purchased on 21 July 2017.	11.5 months	NIL
Wine Country Ballooning acquired 18 September 2017.	9.5 months	NIL
GBR Helicopters purchased on 01 November 2017.	8 months	NIL
Blue Ocean Productions acquired on 28 November 2017.	7 months	NIL
Big Cat Green Island Reef Cruises purchased on 13 December 2017.	6.5 months	NIL
Tropical Journeys purchased on 19 December 2017.	6 months	NIL

Net Tangible Assets

	30 June 2018	30 June 2017
Net Assets (cents per share)	0.36	0.22
Net Tangible Assets (cents per share)	0.19	0.11

Events After the End of the Period

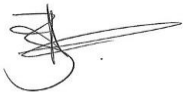
No matter or event has arisen since 30 June 2018 that has significantly affected the Group's operations, results or state of affairs.

Preliminary Final Report

The preliminary final report of Experience Co Limited for the year ended 30 June 2018 is attached.

Audit Status

The report is based on accounts that are in the process of being audited. It is not expected that the report is likely to contain an independent audit report that is subject to a modified opinion.



Anthony Boucaut
Managing Director

28 August 2018



Anthony Ritter
Chief Executive Officer

**Experience Co Limited and Controlled Entities
(formerly Skydive the Beach Group Limited)
ACN: 167 320 470**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2018**

	Note	Consolidated Group	
		2018 \$000	2017 \$000
Sales revenue	1	135,300	89,566
Cost of sales	2	<u>(79,647)</u>	<u>(51,469)</u>
Gross profit		55,653	38,097
Other income	1	1,363	1,021
Administrative and corporate expenses		(22,730)	(13,330)
Occupancy expenses		(3,520)	(2,365)
Depreciation and amortisation expenses		(13,492)	(6,165)
Impairment of property, plant and equipment		(1,746)	-
Marketing, advertising and agents commission expenses		(2,786)	(1,858)
Repairs and maintenance expenses		(553)	(573)
Finance costs	2	(1,857)	(1,255)
Other expenses		(16)	(4)
Profit before income tax		10,316	13,568
Tax expense	3	(3,531)	(4,086)
Net profit for the year		6,785	9,482
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Revaluation of property, plant and equipment, net of tax		(1,004)	-
<i>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</i>			
Exchange differences on translating foreign operations, net of tax		(75)	(166)
Other comprehensive income for the year		(1,079)	(166)
Total comprehensive income for the year		5,706	9,316
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)	5	1.34	2.24
Diluted earnings per share (cents)	5	1.31	2.18

The accompanying notes form part of these financial statements.

Experience Co Limited and Controlled Entities
(formerly Skydive the Beach Group Limited)
ACN: 167 320 470
Consolidated Statement of Financial Position
for the year ended 30 June 2018

		Consolidated Group	
	Note	2018 \$000	2017 \$000
ASSETS			
Current assets			
Cash and cash equivalents	6	7,171	9,490
Trade and other receivables	7	8,385	4,340
Inventories	8	4,710	2,525
Current tax asset	3	317	-
Other assets	9	1,979	3,705
Total current assets		22,562	20,060
Non-current assets			
Trade and other receivables	7	1,803	1,153
Other financial assets	10	1,560	38
Property, plant and equipment	12	121,539	70,370
Intangible assets	13	84,968	47,959
Total non-current assets		209,870	119,520
Total assets		232,432	139,580
LIABILITIES			
Current liabilities			
Trade and other payables	14	9,630	6,596
Borrowings	16	3,305	5,692
Current tax liabilities	3	-	1,338
Provisions	17	2,834	1,490
Deferred revenue	15	1,158	891
Total current liabilities		16,927	16,007
Non-current liabilities			
Borrowings	16	32,230	23,932
Deferred tax liabilities	3	2,429	4,962
Provisions	17	454	183
Total non-current liabilities		35,113	29,077
Total liabilities		52,040	45,084
Net assets		180,392	94,496
EQUITY			
Issued capital	18	168,860	84,321
Retained earnings		14,644	12,208
Reserves		(3,112)	(2,033)
Total equity		180,392	94,496

The accompanying notes form part of these financial statements.

Experience Co Limited and Controlled Entities
(formerly Skydive the Beach Group Limited)
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Consolidated Statement Changes in Equity
for the year ended 30 June 2018

	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
Consolidated Group								
Balance at 1 July 2016		65,231	6,689	2,386	(4,171)	13	(101)	70,047
Comprehensive income								
Profit for the year		-	9,482	-	-	-	-	18,963
Other comprehensive income for the year		-	-	-	-	-	(166)	(166)
Total comprehensive income for the year		-	9,482	-	-	-	(166)	18,797
Transactions with owners, in their capacity as owners, and other transfers								
Shares issued during the year	18	20,126	-	-	-	-	-	20,126
Capital raising costs		(1,036)	-	-	-	-	-	(1,036)
Dividends paid during the year	4	-	(3,963)	-	-	-	-	(3,963)
Employee share options issued		-	-	-	-	5	-	5
Total transactions with owners and other transfers		19,090	(3,963)	-	-	5	-	15,132
Balance at 30 June 2017		84,321	12,208	2,386	(4,171)	18	(267)	94,496
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 income 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	18	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	4	-	(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

The accompanying notes form part of these financial statements.

**Experience Co Limited and Controlled Entities
(formerly Skydive the Beach Group Limited)
ACN: 167 320 470**

**Consolidated Statement of Cash Flows
for the year ended 30 June 2018**

	Note	Consolidated Group	
		2018 \$000	2017 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (GST inclusive)		149,284	89,865
Payments to suppliers and employees (GST inclusive)		(128,044)	(70,524)
Finance costs		(1,680)	(1,255)
Income tax paid		(4,718)	(5,446)
Net cash provided by operating activities	20	14,842	12,640
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(23,402)	(18,754)
Purchase of other non-current assets		(1,500)	(1,259)
Payments for investments in subsidiaries	11	(72,448)	(31,539)
Cash acquired in business acquisitions		1,770	845
Net cash used in investing activities		(95,580)	(50,707)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		80,947	20,126
Capital raising costs		(3,439)	(1,036)
Proceeds from borrowings		15,601	20,791
Repayment of borrowings		(9,690)	(1,510)
Dividends paid by parent entity		(4,349)	(3,963)
Loans to related parties		(951)	(127)
Loan repayments from related parties		300	457
Net cash provided by financing activities		78,419	34,738
Net decrease in cash held		(2,319)	(3,329)
Cash and cash equivalents at beginning of financial year		9,490	12,819
Cash and cash equivalents at end of financial year	6	7,171	9,490

The accompanying notes form part of these financial statements.

**Experience Co Limited and Controlled Entities
(formerly Skydive the Beach Group Limited)
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Notes to the Consolidated Financial Statements
for the year ended 30 June 2018**

Note 1 Revenue and Other Income

	Consolidated Group	
	2018	2017
Sales revenue	\$000	\$000
- sale of goods	135,300	89,566
	135,300	89,566
Other revenue		
- interest received	135	170
- other revenue	1,228	851
	1,363	1,021
Total revenue	136,663	90,587

Note 2 Profit for the Year

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

Cost of sales	79,647	51,469
Interest expense on financial liabilities not at fair value through profit or loss:		
- Unrelated parties	1,708	1,074
Total interest expense	1,708	1,074
- Other finance costs	149	181
Total finance cost	1,857	1,255
Occupancy costs	3,520	2,365
Depreciation and amortisation expense	13,492	6,165
Impairment of property, plant and equipment	1,746	-

Note 3 Tax Expense

(a) The components of tax (expense) income comprise:

Current tax	4,152	4,021
Deferred tax	(173)	428
Over provision of tax from prior years	(448)	(363)
	3,531	4,086

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2017: 30%)	3,095	4,070
Add:		
Tax effect of:		
- non-deductible depreciation and amortisation	11	259
- non-allowable items	34	12
- deductible acquisition costs	240	32
- assessable income received in advance	-	55
- deductible maintenance costs	-	(57)
	3,380	4,371
Less:		
Tax effect of:		
- Over provision of tax from prior years	(448)	(685)
- recognition of deferred tax balances	813	496
- impact of foreign exchange differences	(91)	8
- impact of lower tax rates applicable to New Zealand subsidiaries	(123)	(105)
Income tax attributable to entity	3,531	4,086

Experience Co Limited and Controlled Entities
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Notes to the Consolidated Financial Statements
for the year ended 30 June 2018

Note 4 Dividends	2018	2017
	\$000	\$000
Dividends paid	<u>4,349</u>	3,963

On 29 September 2017, a fully franked dividend of \$0.01 per share was paid out of retained profits at 30 June 2017, amounting to \$4,349,000.

The Directors have declared a final and fully franked dividend of \$0.01 per share, amounting to \$5,558,000, payable on 28 September 2018. For the purposes of determining any entitlement to the dividend, the record date has been set as 17 September 2018.

Note 5 Earnings Per Share	2018	2017
(a) Earnings used to calculate basic and diluted EPS	<u>6,785</u>	9,482
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	No. 506,008,037	No. 423,925,384
Weighted average number of dilutive options outstanding	10,300,000	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	<u>516,308,037</u>	434,225,384
Basic earnings per share (cents)	1.34	2.24
Diluted earnings per share (cents)	1.31	2.18

Consolidated Group

	2018	2017
	\$000	\$000
Cash at bank and on hand	7,129	9,464
Short-term bank deposits	<u>42</u>	26
	<u>7,171</u>	9,490

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	<u>7,171</u>	9,490
	<u>7,171</u>	9,490

Note 7 Trade and Other Receivables

CURRENT

Trade receivables	5,900	2,917
Provision for impairment	<u>(25)</u>	-
	5,875	2,917
Other receivables	<u>2,210</u>	1,123
	8,085	4,040
Amounts receivable from related parties		
— director of parent entity	<u>300</u>	300
Total current trade and other receivables	<u>8,385</u>	4,340

NON-CURRENT

Loan receivable (i)	515	-
Amounts receivable from related parties		
— director of parent entity	<u>1,288</u>	1,153
Total non-current trade and other receivables	<u>1,803</u>	1,153

(i) The loan is unsecured, bears interest at 5% per annum and has a term of 10 years.

**Experience Co Limited and Controlled Entities
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Notes to the Consolidated Financial Statements
for the year ended 30 June 2018**

		Consolidated Group	
		2018	2017
		\$000	\$000
Note 8	Inventories		
CURRENT			
At cost:			
	Raw materials, spares and merchandise	4,710	2,525
Note 9	Other Assets		
CURRENT			
	Prepayments	877	1,380
	Deposits paid for business acquisitions not yet completed	-	80
	Deposit paid for aircraft not delivered at 30 June 2018	-	1,475
	Deposit paid for leasehold land and buildings (Stuart Park redevelopment)	541	541
	Other current assets	561	229
		1,979	3,705
Note 10	Other Financial Assets		
NON-CURRENT			
	Unlisted investments, at cost		
	— shares in other corporations	27	38
	— unlisted investments	1,533	-
	Total unlisted investments	1,560	38

Note 11 Interests in Subsidiaries

(a) **Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units 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	2018	2017
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 (formerly known as Skydive the Beach and Beyond Perth 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%
Experience Co NZ Holdings Limited (formerly Skydive (New Zealand) Limited)	New Zealand	100%		100%
Skydive Queenstown Limited	New Zealand	100%		100%
Ultimate Adventure Group Ltd (formerly Skydive Glenorchy Limited)	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%
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%		0%
Air Vistas Pty Ltd	Australia	100%		0%
GBR Helicopters Pty Ltd	Australia	100%		0%
GBRH Holdings Pty Ltd	Australia	100%		0%
Blue Ocean Productions Pty Ltd	Australia	100%		0%
Calypso Reef Charters Pty Ltd	Australia	100%		0%
Fish for Fish Investments Pty Ltd	Australia	100%		0%

**Experience Co Limited and Controlled Entities
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ACN: 167 320 470
Notes to the Consolidated Financial Statements
for the year ended 30 June 2018**

Note 11 Interests in Subsidiaries (continued)

(b) Acquisition of Controlled Entities

Name of subsidiary	Principal place of business	Ownership interest	
		2018	2017
Experience Daintree Pty Ltd	Australia	100%	0%
J & J Wallace (Holdings) Pty. Ltd.	Australia	100%	0%
J & J Wallace (Projects) Pty Ltd	Australia	100%	0%
J & J Wallace (Tours) Pty Ltd	Australia	100%	0%
J & J Wallace (Permits) Pty. Ltd.	Australia	100%	0%

During the year ended 30 June 2018, Experience Co. Limited entered into the following acquisitions:

(i)	On 21 July 2017, Experience Co Limited acquired Byron Bay Ballooning Pty Ltd, being a company registered and trading within Australia, for the consideration of \$800,000.	
	Fair value of purchase consideration:	\$000
	Cash	<u>800</u>
	Assets and liabilities held at acquisition date:	
	- Current assets	6
	- Non-current assets	52
	- Current liabilities	<u>(126)</u>
		<u>(68)</u>
	Goodwill and other intangible assets	<u>868</u>
(ii)	On 18 September 2017 Experience Co Limited acquired Air Vistas Pty Ltd (trading as Wine Country Ballooning), being a company registered and trading in Australia, for the consideration of \$350,000.	
	Fair value of purchase consideration:	\$000
	Cash	<u>350</u>
	Assets and liabilities held at acquisition date:	
	- Current assets	10
	- Non-current assets	70
	- Current liabilities	-
	- Non-current liabilities	<u>(40)</u>
		<u>40</u>
	Goodwill and other intangible assets	<u>310</u>
(iii)	On 1 November 2017, Experience Co Limited, acquired GBR Helicopters Pty Ltd and GBRH Holdings Pty Ltd, being two companies registered and trading within Australia, for the consideration of \$19,600,000.	
	Fair value of purchase consideration:	\$000
	Cash	16,600
	Shares issued in Experience Co limited	1,000
	Deferred Consideration	2,000
	Working Capital Adjustment	<u>611</u>
		<u>20,211</u>
	Assets and liabilities held at acquisition date:	
	- Current assets	3,241
	- Non-current assets	16,487
	- Current liabilities	<u>(2,648)</u>
	- Non-current liabilities	<u>(38)</u>
		<u>17,042</u>
	Goodwill and other intangible assets	<u>3,169</u>

Experience Co Limited and Controlled Entities
(formerly Skydive the Beach Group Limited)
ACN: 167 320 470
Notes to the Consolidated Financial Statements
for the year ended 30 June 2018

Note 11 Interests in Subsidiaries (continued)

(b) Acquisition of Controlled Entities (continued)

(iv) On 28 November 2017 Experience Co Limited acquired Blue Ocean Productions Pty Ltd, a company registered in Australia. Consideration for the acquisition was \$350,000.

	\$000
Fair value of purchase consideration:	
Cash	350
	350
Assets and liabilities held at acquisition date:	
- Non-current assets	25
- Current and non-current liabilities	-
	25
Goodwill and other intangible assets	325

(v) On 13 December 2017, Experience Co Limited acquired J & J Wallace (Projects) Pty Ltd (trading as Big Cat Green Island Reef Cruises), being a company registered and trading within Australia, for the consideration of \$38,070,000.

	\$000
Fair value of purchase consideration:	
Cash	33,070
Shares issued in Experience Co limited	5,000
Working Capital Adjustment	858
	38,928
Assets and liabilities held at acquisition date:	
- Current assets	2,669
- Non-current assets	10,993
- Current liabilities	(1,611)
- Non-current liabilities	-
	12,051
Goodwill and other intangible assets	26,877

(vi) On 19 December 2017, Experience Co Limited acquired Calypso Reef Charters Pty Ltd and Experience Daintree Pty Ltd (trading as Tropical Journeys), a business trading within Australia, for the consideration of \$18,000,000.

	\$000
Fair value of purchase consideration:	
Cash	18,000
Working Capital Adjustment	(201)
	17,799
Assets and liabilities held at acquisition date:	
- Current assets	1,070
- Non-current assets	11,999
- Current liabilities	(1,091)
- Non-current liabilities	-
	11,978
Goodwill and other intangible assets	5,821

(vii) In 2018 financial year, Experience Co Limited paid an amount of \$1,232,000 to vendors of Reef Magic Cruises Pty Ltd. This payment was a fulfillment of an obligation in accordance with the sale and purchase agreement for Reef Magic Cruises Pty Ltd, which was acquired on 1 May 2017.

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Note 12 Property, Plant and Equipment

Consolidated Group
2018 2017
\$000 \$000

LAND AND BUILDINGS

Freehold land at:

At cost	3,781	646
Total land	3,781	646

Buildings at:

At cost	5,315	3,542
Accumulated depreciation	(181)	(70)
Total buildings	5,134	3,473
Total land and buildings	8,915	4,119

PLANT AND EQUIPMENT

Plant and equipment:

At cost	11,342	9,647
Accumulated depreciation	(3,621)	(2,305)
	7,721	7,342

Leasehold improvements

At cost	4,434	1,986
Accumulated amortisation	(890)	(616)
	3,544	1,370

Aircraft:

At revalued amounts and cost	64,628	48,773
Accumulated depreciation	(2,713)	(5,667)
	61,915	43,105

Motor vehicles:

At cost	6,403	4,019
Accumulated depreciation	(1,571)	(900)
	4,832	3,119

Office equipment:

At cost	1,463	1,179
Accumulated depreciation	(920)	(648)
	543	531

Vessels:

At cost	34,506	9,285
Accumulated depreciation	(2,111)	(134)
	32,395	9,151

Floating Docks:

At cost	1,838	1,656
Accumulated depreciation	(164)	(22)
	1,674	1,633

Total plant and equipment

112,624 66,251

Total property, plant and equipment

121,539 70,370

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land	Buildings	Plant & Equipment	Leasehold Improvements	Aircraft	Motor Vehicles	Office Equipment	Vessels	Floating Docks	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated Group:										
Balance at 1 July 2016	340	835	4,859	675	31,256	1,312	226	-	-	39,503
Acquisitions through business combinations	-	2,315	1,735	881	1,810	123	54	8,922	1,655	17,495
Additions	306	377	2,081	76	12,744	2,054	408	342	-	18,388
Disposals	-	-	(68)	-	-	-	-	-	-	(68)
Depreciation expense	-	(57)	(1,264)	(260)	(2,705)	(370)	(157)	(113)	(22)	(4,948)
Transfers between asset classes	-	2	-	(2)	-	-	-	-	-	-
Balance at 30 June 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	13,948	1,431	182	2,414	131	24,785
Revaluation decreases	-	-	-	-	(4,131)	-	-	-	-	(4,131)
Disposals	-	-	(3)	-	-	-	-	-	-	(3)
Depreciation expense	-	(112)	(1,316)	(274)	(5,381)	(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	61,915	4,832	543	32,395	1,674	121,539

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	Consolidated Group	
	2018	2017
	\$000	\$000
Note 13 Intangible Assets		
Goodwill		
Cost	36,301	18,828
Accumulated impaired losses	-	-
Net carrying amount	36,301	18,828
Trademarks		
Cost	14,370	9,805
Accumulated amortisation and impairment losses	-	-
Net carrying amount	14,370	9,805
Computer software		
Cost	1,338	1,207
Accumulated amortisation and impairment losses	(1,020)	(839)
Net carrying amount	318	368
Customer relationships and other intangible assets		
Cost	26,976	14,073
Accumulated amortisation	(2,552)	(1,048)
Net carrying amount	24,424	13,025
Leases & Licences		
Cost	10,860	6,131
Accumulated amortisation	(1,305)	(198)
Net carrying amount	9,555	5,933
Total intangibles	84,968	47,959

Consolidated Group:

	Goodwill	Trademarks	Computer Software	Customer Relationships and other	Leases & Licences	Total
	\$000	\$000	\$000	\$000		\$000
Balance at 1 July 2016	7,911	5,344	322	4,419	-	17,996
Assets acquired in business combinations	10,917	5,428	388	8,317	6,131	31,181
Transfers between asset classes	-	(967)	-	967	-	-
Amortisation charge	-	-	(342)	(678)	(198)	(1,217)
Balance at 30 June 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
Additions	-	-	134	-	-	134
Amortisation charge	-	-	(184)	(1,858)	(1,306)	(3,348)
Closing value at 30 June 2018	36,301	14,370	318	24,424	9,555	84,968

Note 14 Trade and Other Payables

	Consolidated Group	
	2018	2017
	\$000	\$000
CURRENT		
Unsecured liabilities		
Trade payables	4,147	3,390
Sundry payables and accrued expenses	5,483	3,206
	9,630	6,596

Note 15 Deferred Revenue

Income received in advance	1,158	891
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Note 16 Borrowings

	Consolidated Group	
	2018	2017
	\$000	\$000
CURRENT		
Secured liabilities		
Bank loans	263	86
Finance lease liabilities	3,042	3,400
Vendor finance loan	-	2,204
Total current borrowings	3,305	5,692
NON-CURRENT		
Secured liabilities		
Bank loans	18,004	15,137
Finance lease liabilities	14,226	8,795
Total non-current borrowings	32,230	23,932
Total borrowings	35,535	29,624

Note 17 Provisions

CURRENT		
Employee Benefits	2,834	1,490
NON CURRENT		
Employee Benefits	454	183

Note 18 Issued Capital

555,811,840 (June 2017: 434,877,669) fully paid ordinary shares 168,860 84,321

The company has authorised share capital amounting to 555,811,840 ordinary shares.

(a) Ordinary Shares

	Consolidated Group		Consolidated Group	
	2018	2017	2018	2017
	\$ 000's	\$ 000's	No.	No.
At the beginning of the reporting period	84,321	65,231	434,877,669	396,301,350
Shares issued				
— 6 October 2016	-	18,982	-	36,504,054
— 20 October 2016	-	644	-	1,238,932
— 29 May 2017	-	500	-	833,333
— 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)	(1,036)	-	-
At the end of the reporting period	168,860	84,321	555,811,840	434,877,669

Note 19 Share-based Payments

A summary of the movements of all options issued is as follows:

	Consolidated Group
	Number
Opening balance at 1 July 2016	10,300,000
Granted	-
Balance at 30 June 2017	10,300,000
Granted	-
Balance at 30 June 2018	10,300,000
Options exercisable as at 30 June 2018:	10,300,000
Options exercisable as at 30 June 2017:	7,633,332
Weighted average exercise price:	\$0.25

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Note 20 Cash Flow Information

	Consolidated Group	
	2018	2017
	\$000	\$000
Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
Profit after income tax	6,785	9,482
Non-cash flows in profit		
Depreciation and amortisation	13,492	6,165
Impairment of property, plant and equipment	1,746	-
Unrealised foreign currency exchange gains/losses	(77)	(265)
Changes in assets and liabilities, net of the effects of purchase:		
(Increase)/decrease in trade and other receivables	(950)	(242)
(Increase)/decrease in other current assets	55	(1,510)
(Increase)/decrease in inventories	(453)	(812)
Increase/(decrease) in trade and other payables	(1,623)	894
Increase/(decrease) in income taxes payable	(2,158)	(1,724)
Increase/(decrease) in deferred taxes payable	(2,957)	365
Increase/(decrease) in provisions	982	287
Cash flows from operating activities	<u>14,842</u>	<u>12,640</u>

Note 21 Operating Segments

Segment information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and in determining the allocation of resources.

The Group's financial performance is examined primarily from an activities perspective and operating segments have therefore been determined on the same basis.

The Group has identified the following reportable operational segments:

- Skydive Operations
- Other Adventure Experiences

The following is an analysis of the Group's revenue and results by reportable operating segment for the period under review:

(i) **Segment performance**

	Skydiving	Other Adventure Experiences	Intersegment eliminations / unallocated	Total
	\$000	\$000	\$000	\$000
30 June 2018				
Revenue				
Sales Revenue	69,279	66,021	-	135,300
Inter-segment sales	-	-	-	-
Total sales revenue	<u>69,279</u>	<u>66,021</u>	<u>-</u>	<u>135,300</u>
Other income	238	1,011	114	1,363
Total revenue	<u>69,517</u>	<u>67,032</u>	<u>114</u>	<u>136,663</u>
EBITDAI *	24,787	12,358	-	37,145
Depreciation	(9,344)	(3,779)	-	(13,123)
Impairment	(1,746)	-	-	(1,746)
Finance costs	(894)	(11)	-	(905)
Net profit before tax (before shared services costs)	<u>12,803</u>	<u>8,568</u>	<u>-</u>	<u>21,371</u>
Unallocated items:				
Shared services costs				<u>(11,055)</u>
Net profit before tax				<u>10,316</u>

	Skydiving	Other Adventure Experiences	Intersegment eliminations / unallocated	Total
	\$000	\$000	\$000	\$000
30 June 2017				
Revenue				
Sales Revenue	78,207	11,359	-	89,566
Inter-segment sales	-	-	-	-
Total sales revenue	<u>78,207</u>	<u>11,359</u>	<u>-</u>	<u>89,566</u>
Other income	811	-	210	1,021
Total revenue	<u>79,018</u>	<u>11,359</u>	<u>210</u>	<u>91,587</u>

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Note 21 Operating Segments (continued)

30 June 2017	Skydiving \$000	Other Adventure Experiences \$000	Intersegment eliminations / unallocated \$000	Total \$000
EBITDAI *	27,727	1,709	-	29,436
Depreciation	(5,246)	(727)	-	(5,973)
Finance costs	(543)	(27)	-	(570)
Net profit before tax (before shared services costs)	21,938	955	-	22,893
Unallocated items:				
Shared services costs				(9,325)
Net profit before tax				13,568

Shared services costs are primarily head office costs borne by the group that are not allocated to operating segments as they are deemed costs that can not be accurately allocated. They include head office payroll costs, sales & marketing costs, travel expenses, acquisition costs and advisory fees.

* EBITDAI is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDAI to reflect the core earnings of the consolidated entity.

	Skydiving \$000	Other Adventure Experiences \$000	Total \$000
(ii) Segment assets			
30 June 2018			
Segment assets	209,019	23,413	232,432
30 June 2017			
Segment assets	129,716	9,864	139,580
(iii) Segment liabilities			
30 June 2018			
Segment liabilities	38,302	13,738	52,040
30 June 2017			
Segment liabilities	37,966	7,118	45,084

Identification of geographical segments

Identification of reportable segments

The Group has identified its geographic segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group is managed primarily on the basis of geographical location. Operating segments are therefore determined on the same basis. The Group has identified two geographical segments, Australia and New Zealand.

The following is an analysis of the Group's revenue and non current assets per geographical segment for the period under review:

	Australia \$000	New Zealand \$000	Total \$000
(i) Segment performance			
30 June 2018			
Revenue			
Sales to external customers	106,207	29,093	135,300
30 June 2017			
Revenue			
Sales to external customers	62,972	26,594	89,566
(ii) Non Current Segment Assets			
30 June 2018			
Non Current Segment assets	184,149	25,721	209,870
30 June 2017			
Non Current Segment assets	91,889	27,631	119,520