

Appendix 4E

Experience Co Limited ACN 167 320 470

For the financial year ended 30 June 2019
(Previous corresponding period being the full year ended 30 June 2018)

Results for announcement to the market

				June 2019	June 2018
				\$'000	\$'000
Revenue from ordinary activities	Up	19%	to	161,296	135,300
Net profit / (loss) before tax	Down	(670%)	to	(58,832)	10,316
Net profit / (loss) after tax attributable to shareholders	Down	(811%)	to	(48,257)	6,785
 Net tangible assets				 June 2019	 June 2018
Net assets per share				\$0.24	\$0.32
Net tangible assets per share				\$0.17	\$0.17
 Dividends				 Amount per share	 Franked amount per share
Dividend paid on 28 September 2018				1.00 cents	1.00 cents
				17 Sep 2018	

No dividend has been declared in relation to the financial year ended 30 June 2019.

Preliminary Final Report

This Appendix 4E is based on the Preliminary Final Report for the financial year ended 30 June 2019 (as attached). The remainder of the information requiring disclosure to comply with the Listing Rule 4.3A is contained in the Preliminary Final Report that follows.

Audit Status

This Appendix 4E and the Preliminary Final Report are based on financial statements that are in the process of being audited. It is not expected that the Final Report is likely to contain an independent audit report that is subject to a modified audit opinion.

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.

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 profit before income taxes	\$million	(58.8)	10.3
Net 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 amortisation
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: \$30.2 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 experience 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 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.

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.

Commentary on the Results (continued)

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, placing the business in a position to successfully execute the Group's future strategies.

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	1,857
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:		
Correction of deferred tax balances	4,322	-
Acquisition and consolidation	454	-
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	27,183	30,172
Depreciation and software amortisation	(10,560)	(10,328)
Underlying EBITA	16,623	19,844

Reconciliation of net profit after tax to non-AAS measures (continued)

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.

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:

- Correction of deferred tax asset balances from prior years of \$4.3 million
- Acquisitions and consolidation adjustments relate to the reconciliation of balance sheet items, including the results of 30 June 2019 reconciliation review of assets and liabilities
- 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 consolidated entity. 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.

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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.



Kerry (Bob) East
Chairman

30 August 2019

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Experience Co Limited

ACN 167 320 470

Preliminary Final Report

Financial year ended 30 June 2019

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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	2	161,296	135,300
Cost of sales	3	<u>(98,077)</u>	<u>(79,647)</u>
Gross profit		63,219	55,653
Other income	2	1,481	1,363
Administrative and corporate expenses		<u>(29,525)</u>	<u>(22,730)</u>
Occupancy expenses		<u>(3,746)</u>	<u>(3,520)</u>
Depreciation and amortisation expenses		<u>(13,950)</u>	<u>(13,492)</u>
Impairment of property, plant and equipment and other assets		<u>(9,964)</u>	<u>(1,746)</u>
Impairment of intangible assets		<u>(52,570)</u>	-
Marketing, advertising and agents commission expenses		<u>(2,970)</u>	<u>(2,786)</u>
Repairs and maintenance expenses		<u>(1,281)</u>	<u>(553)</u>
Finance costs	3	<u>(1,778)</u>	<u>(1,857)</u>
Other expenses		<u>(7,748)</u>	<u>(16)</u>
(Loss)/Profit before income tax		(58,832)	10,316
Tax benefits/(expense)	4	10,575	(3,531)
Net (loss)/profit for the year		(48,257)	6,785
Other comprehensive (loss)/ income:			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Revaluation of property, plant and equipment, net of tax		5,127	(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		463	(75)
Other comprehensive income for the year		<u>5,590</u>	<u>(1,079)</u>
Total comprehensive income for the year		(43,125)	5,706
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)	7	(8.68)	1.34
Diluted earnings per share (cents)	7	(8.68)	1.31

The accompanying notes form part of these financial statements.

Experience Co Limited
Consolidated Statement of Financial Position
for the year ended 30 June 2019

	Note	2019 \$000	2018 \$000
ASSETS			
Current assets			
Cash and cash equivalents	8	4,803	7,171
Trade and other receivables	9	5,645	8,385
Inventories		4,964	4,710
Current tax asset	4	4,119	317
Other assets	10	3,170	1,979
Total current assets		22,701	22,562
Non-current assets			
Trade and other receivables	9	976	1,803
Other financial assets	11	1	1,560
Property, plant and equipment	12	118,868	121,539
Deferred tax assets		9,535	-
Intangible assets	13	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	15	9,521	9,630
Borrowings	16	2,955	3,305
Provisions		3,033	2,834
Deferred revenue		1,733	1,158
Total current liabilities		17,242	16,927
Non-current liabilities			
Borrowings	16	31,330	32,230
Deferred tax liabilities		-	2,429
Provisions		1,096	454
Total non-current liabilities		32,426	35,113
Total liabilities		49,668	52,040
Net assets		132,399	180,392
EQUITY			
Issued capital	17	168,860	168,860
Retained earnings		(38,713)	14,644
Reserves		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	Share Capital				Reserves			
	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 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	17	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	6	-	(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								
Profit for the year	-	(48,257)	-	-	-	-	(48,257)	
Other comprehensive income for the year	-	-	5,127	-	-	463	5,590	
Total comprehensive income 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	17	-	-	-	-	232	-	232
Dividends paid during the year	6	-	(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.

Experience Co Limited
Consolidated Statement of Cash Flows
for the year ended 30 June 2019

	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	18	<u>18,523</u>	<u>14,842</u>
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	16	(1,700)	(72,448)
Cash acquired in business acquisitions		-	1,770
Net cash provided / (used) in investing activities		<u>(14,315)</u>	<u>(95,580)</u>
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 provided / (used) by financing activities		<u>(6,576)</u>	<u>78,419</u>
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	8	<u>4,803</u>	<u>7,171</u>

The accompanying notes form part of these financial statements.

Experience Co Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2019

Note 1 Operating Segments

Identification of reportable operating segments

The Group has identified the following reportable operational segments:

- Skydiving
- Adventure Experiences
- Corporate

The consolidated entity 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.

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.

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

Experience Co Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2019

Note 1 Operating Segments (continued)

Operating segment information

	Skydiving \$000	Adventure Experiences \$000	Corporate \$000	Total \$000
30 June 2019				
Revenue				
Sales to external customers	84,461	76,835	-	161,296
Sales revenue	84,461	76,835	-	161,296
Other income	315	1,000	-	1,316
Total Segment revenue	84,776	77,835	-	162,611
EBITDA	22,878	10,210	(13,825)	19,265
Depreciation and amortisation	(5,081)	(8,664)	(204)	(13,950)
Impairment				(62,534)
EBIT	17,797	1,546	(14,029)	(57,221)
Finance costs				(1,612)
Income Tax Expense				10,575
Net profit after tax				(48,257)
EBITDA	22,878	10,210	(13,825)	19,265
Significant items	3,279	2,200	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.

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:

- Correction of deferred tax balances from prior year of \$4,322,000
- Acquisitions and consolidation adjustment relate to the reconciliation of balance sheet items and the result of 30 June 2019 reconciliation review of assets and liabilities.
- Initial recognition of provision in relation to onerous operating leases
- Asset write-downs largely 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 consolidated entity.

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

Experience Co Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2019

Note 1 Operating Segments (continued)

	Skydiving \$000	Adventure Experiences \$000	Corporate \$000	Total \$000
30 June 2018				
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)
EBIT	18,616	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.

	Skydiving \$000	Adventure Experiences \$000	Corporate \$000	Total \$000
Segment assets				
30 June 2019				
Segment assets	119,034	59,938	3,093	182,065
30 June 2018				
Segment assets	117,563	109,167	5,702	232,432
Segment liabilities				
30 June 2019				
Segment liabilities	12,649	5,706	31,313	49,668
30 June 2018				
Segment liabilities	19,331	10,680	22,029	52,040

Experience Co Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2019

Note 1 Operating Segments (continued)

Geographical information

	Australia \$000	New Zealand \$000	Total \$000
30 June 2019			
Revenue			
Sales to external customers	130,269	31,027	161,296
30 June 2018			
Revenue			
Sales to external customers	106,207	29,093	135,300
Non Current Segment Assets	Australia \$000	New Zealand \$000	Total \$000
30 June 2019			
Non Current Segment assets	138,799	27,237	166,036
30 June 2019			
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 2 Revenue and Other income

	2019 \$000	2018 \$000
Sales revenue		
Sale of goods	161,296	135,300
	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

Note 3 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 and other assets	9,964	1,746
Impairment of intangibles	52,570	-
Employee benefits expense	48,930	38,947
Expected credit loss	139	25

Experience Co Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2019

Note 4 Tax Expense

	2019 \$000	2018 \$000
(a) The components of tax expense / (income) comprise:		
Current tax	1,888	4,152
Deferred tax	(11,346)	(173)
Over provision of tax from prior years	<u>(1,117)</u>	<u>(448)</u>
	<u>(10,575)</u>	<u>3,531</u>
(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	5,498	11
Abnormal items	1,763	-
Recognition of transferred tax losses	(139)	-
Recognition of other deferred tax balances	(184)	151
Deductible acquisition costs	<u>-</u>	<u>240</u>
	<u>(10,575)</u>	<u>3,531</u>
Effective tax rate	18.0%	34.2%

Note 5 Auditors Remuneration

	2019 \$000	2018 \$000
Remuneration of the auditor for:		
Auditing the financial report	225	241
Taxation services	97	172
Due diligence services	<u>4</u>	<u>282</u>
	<u>326</u>	<u>694</u>

Note 6 Dividends

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

(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.

Experience Co Limited
Notes to the Consolidated Financial Statements
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Note 7 Earnings Per Share

	2019 \$000	2018 \$000
(a) Earnings used to calculate basic and diluted EPS	<u>(48,257)</u>	6,785
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	No. 555,811,840	No. 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 8 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.

Note 9 Trade and Other Receivables

	2019 \$000	2018 \$000
CURRENT		
Trade receivables	4,538	5,900
Allowance for expected credit losses	(139)	(25)
	4,399	5,875
Other receivables	946	2,210
	5,345	8,085
Amounts receivable from related parties		
- director of parent entity (a)	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 (a)	976	1,288
Total non-current trade and other receivables	976	1,803

Experience Co Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2019

(a) Amounts receivable from related parties

Amounts receivable 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).

(b) Loan receivable

The loan is unsecured, bears interest at 5% per annum and has a term of 10 years. The loan was impaired at 30 June 2019 to nil.

Note 10 Other Assets

	2019 \$000	2018 \$000
CURRENT		
Prepayments	1,459	877
Deposit paid for leasehold land and buildings	-	541
Other current assets	<u>1,711</u>	561
	<u>3,170</u>	1,979

Note 11 Other Financial Assets

NON-CURRENT

Unlisted investments, at cost		
— shares in other corporations	1	27
— unlisted investments	-	1,533
Total unlisted investments	<u>1</u>	1,560

The carrying amount of unlisted investment at cost was written down to nil at 30 June 2019.

Experience Co Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2019

Note 12 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	
		2019	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 (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%	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 Co Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2019

Note 12 Interests in Subsidiaries (continued)

b) Significant Restrictions

Other than banking covenants imposed as per note 16, 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.

Payments of \$1,700,000 were made in the year ended 30 June 2019 in relation to deferred consideration in relation to the acquisition of GBR Helicopters Pty Ltd.

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:

	2019	2018
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

Experience Co Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2019

Note 13 Property, Plant and Equipment

	2019	2018
	\$000	\$000
LAND AND BUILDINGS		
Freehold land at:		
At cost	3,781	3,781
Total land	<u>3,781</u>	<u>3,781</u>
Buildings at:		
At cost	4,564	5,315
Accumulated depreciation	(181)	(181)
Total buildings	<u>4,383</u>	<u>5,134</u>
Total land and buildings	<u>8,164</u>	<u>8,915</u>
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	12,486	11,342
Accumulated depreciation	(5,306)	(3,621)
	<u>7,180</u>	<u>7,721</u>
Leasehold improvements		
At cost	4,608	4,434
Accumulated amortisation	(1,158)	(890)
	<u>3,450</u>	<u>3,544</u>
Aircraft:		
At revalued amounts and cost	46,654	47,003
Accumulated depreciation	-	(1,676)
	<u>46,654</u>	<u>45,327</u>
Helicopters:		
At revalued amounts and cost	19,369	17,625
Accumulated depreciation	-	(1,037)
	<u>19,369</u>	<u>16,588</u>
Motor vehicles:		
At cost	7,061	6,403
Accumulated depreciation	(2,382)	(1,571)
	<u>4,679</u>	<u>4,832</u>
Office equipment:		
At cost	1,754	1,463
Accumulated depreciation	(1,150)	(920)
	<u>604</u>	<u>543</u>
Vessels:		
At cost	32,007	34,506
Accumulated depreciation	(5,017)	(2,111)
	<u>26,990</u>	<u>32,395</u>
Floating Docks:		
At cost	2,100	1,838
Accumulated depreciation	(322)	(164)
	<u>1,778</u>	<u>1,674</u>
Total plant and equipment	<u>110,704</u>	<u>112,624</u>
Total property, plant and equipment	<u>118,868</u>	<u>121,539</u>

Experience Co Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2019

Note 13 Property, Plant and Equipment (continued)

The Group's aircraft and helicopter assets were revalued at 30 June 2019. The aircraft and helicopter assets were valued by independent valuers depending on the age, type, and condition of the aircraft.

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

(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 \$000	Buildings \$000	Plant & Equipment \$000	Leasehold Improv. \$000	Aircraft \$000	Helicopters \$000	Motor Vehicles \$000	Office Equipment \$000	Vessels \$000	Floating Docks \$000	Total \$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)	(1,361)	(311)	(2,403)	(2,229)	(716)	(218)	(2,962)	(162)	(10,434)
Movement in foreign exchange	-	-	14	40	-	-	(5)	-	-	-	49
Transfer between asset classes	-	-	(72)	-	1,489	-	72	-	(1,489)	-	-
Balance at 30 June 2019	3,781	4,384	7,179	3,449	46,654	19,369	4,679	604	26,990	1,778	118,868

Experience Co Limited
Notes to the Consolidated Financial Statements
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Note 14 Intangible Assets

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

(a) 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	<u>36,301</u>	<u>14,370</u>	<u>318</u>	<u>24,424</u>	<u>9,555</u>	<u>84,968</u>
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)	(552)
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)	18
Closing balance 30 June 2019	<u>13,176</u>	<u>9,238</u>	<u>762</u>	<u>5,083</u>	<u>1,726</u>	<u>29,986</u>

Experience Co Limited
Notes to the Consolidated Financial Statements
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Note 14 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

New Zealand Skydive

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

Experience Co Limited
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Note 14 Intangible Assets (continued)

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 \$000	2018 \$000
Australia Skydiving operations	4,969	5,937
New Zealand Skydiving operations	8,207	8,208
Adventure Experiences operations	-	22,156
Total	<u>13,176</u>	<u>36,301</u>

Note 15 Trade and Other Payables

	Consolidated Group	
	2019 \$000	2018 \$000
CURRENT		
Unsecured liabilities		
Trade payables	2,657	4,147
Sundry payables and accrued expenses	<u>6,864</u>	<u>5,483</u>
	<u>9,521</u>	<u>9,630</u>

Note 16 Borrowings

	2019 \$000	2018 \$000
CURRENT		
Secured liabilities		
Bank loans	-	263
Finance lease liabilities	<u>2,955</u>	<u>3,042</u>
Total current borrowings	<u>2,955</u>	<u>3,305</u>
NON-CURRENT		
Secured liabilities		
Bank loans	20,132	18,004
Finance lease liabilities	<u>11,198</u>	<u>14,226</u>
Total non-current borrowings	<u>31,330</u>	<u>32,230</u>
Total borrowings	<u>34,285</u>	<u>35,535</u>

Experience Co Limited
Notes to the Consolidated Financial Statements
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Note 16 Borrowings (continued)

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

	2019 \$000	2018 \$000
Bank loan	20,132	18,267
Finance lease liabilities	14,153	17,268
	34,285	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.

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 \$000	2018 \$000
Cash and cash equivalents	4,803	9,490
Trade receivables	4,399	2,917
Total financial assets pledged	9,202	12,408

Experience Co Limited
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Note 17 Issued Capital

	2019	2018
	\$'000	\$'000
555,811,840 (June 2018: 555,811,840) fully paid ordinary shares	<u>168,860</u>	168,860

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

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				
- 6 October 2016	-	-	-	-
- 20 October 2016	-	-	-	-
- 29 May 2017	-	-	-	-
- 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

Note 18 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)/decrease in inventories	(253)	(453)
Increase/(decrease) in trade and other payables	(1,271)	(1,623)
Increase/(decrease) in income taxes payable	(3,800)	(2,158)
Increase/(decrease) in deferred taxes payable	(11,964)	(2,957)
Increase/(decrease) in provisions	199	982
Cash flows from operating activities	18,523	14,842

Experience Co Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2019

Note 19 Events After the Reporting Period

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

Note 20 Contingent Liabilities and Contingent Assets

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

Note 21 Company Details

The registered office and principal place of business of the company is:

Experience Co Limited

Level 1, 51 Montague Street, North Wollongong, NSW 2500

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Experience Co Limited
Corporate Directory

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 11, 68 Pitt Street 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