

ExperienceCo.TM LIMITED

ACN 167 320 470



FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017





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

**Half Year Report
for the period ended 31 December 2017**

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

Appendix 4D
for the half year ended 31 December 2017

Results for Announcement to the Market

	Half-year ended 31-Dec-17 \$'000	Half-year ended 31-Dec-16 \$'000	Variance %
Revenue from ordinary activities	59,239	39,098	51.5%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)*	11,197	8,173	37.0%
Net profit before tax	6,072	5,133	18.3%
Net profit after tax attributable to members of the parent entity	4,641	3,626	28.0%

Significant Events

On 6 October 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 part of the GBR Helicopters Pty Ltd acquisition.

On 4 December 2017 77,102,361 shares were issued at \$0.74 each to institutional investors on the basis of 3 shares for every 17 shares held, and 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 part of the Big Cat Green Island Cruises Pty Ltd, Tropical Journeys business and the Calypso Reef Charters Pty Ltd acquisitions.

Experience Co Limited acquired the following adventure businesses from 1 July 2017 to 31 December 2017:

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

Commentary on the Results

Experience Co Limited operates 18 skydiving drop zones throughout Australia and 3 in New Zealand and a leading eco-tourism adventure business throughout Australia offering white water rafting, hot air ballooning, canyoning, sea kayaking, air and sea tours to the Great Barrier Reef and Daintree tours.

Presented in the directors' report is a summary of historical and current financial performance information which shows that revenue increased by 51.5% compared to the same period last year and EBITDA* increased by 37.0% compared to the same period last year.

* EBITDA 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 EBITDA to reflect the core earnings of the consolidated entity. A reconciliation between EBITDA and profit after income tax for the half year ended 31 December 2017 is included in the directors' report.

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 \$4,348,777.

There have been no other dividends paid or declared during the period.

Net Tangible Assets

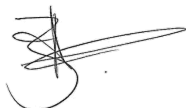
	31-Dec-17	30-Jun-17
Net assets per share	0.32	0.22
Net tangible assets per share	0.16	0.11

Half Year Report

The half year report of Experience Co Limited for the half year ended 31 December 2017 is attached.

Audit Status

The accounts were reviewed by the Group's auditors whose report is attached as part of the half year ended 31 December 2017.



Anthony Boucaut
Managing Director
12 February 2018



Anthony Ritter
Chief Executive Officer

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

Directors' Report

The directors present their report on the consolidated entity (referred to herein as the Group) consisting of Experience Co Limited (formerly Skydive The Beach Group Limited) and its controlled entities for the half year ended 31 December 2017. The Company has changed its name from Skydive The Beach Group Limited to Experience Co Limited with effect from 6 October 2017.

The following persons were directors of Experience Co Limited during or since the end of the period up to the date of this report:

William Beerworth	Non-Executive Director and Chairman
Anthony Boucaut	Executive Director and Managing Director
Anthony Ritter	Executive Director and Chief Executive Officer
Colin Hughes	Non-Executive Director
John Diddams	Non-Executive Director

Principal Activities

The principal activities of the consolidated group during the period was the provision of adventure tourism and leisure experiences to the public in Australia and New Zealand. A number of acquisitions were made in the 6 months to 31 December 2017, adding to the Group's product portfolio.

Other than the acquisitions listed on pages 8 and 9 of the financial report, there were no significant changes in the nature of the consolidated group's principal activities during the period.

Operating Results and Review of Operations

In the 6 months to 31 December 2017, Experience Co Limited recorded strong revenue and EBITDA growth from existing operations, as well as being driven by the following acquisitions:

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

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 31 December 2017 against the same period last year.

	Half-year ended		% Variance
	31-Dec-17 Actual	31-Dec-16 Actual	
Revenue from ordinary activities	59,239	39,098	51.5%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)*	11,197	8,173	37.0%
Net profit before tax	6,072	5,133	18.3%
Net profit after tax attributable to members of the parent entity	4,641	3,626	28.0%

* EBITDA 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 EBITDA to reflect the core earnings of the consolidated entity. A reconciliation between EBITDA and profit after income tax for the half year ended 31 December 2017 is included below.

Reconciliation of EBITDA to NPAT

	31-Dec-17 \$'000	Half-year ended 31-Dec-16 \$'000
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	11,197	8,173
Deduct: Depreciation and amortisation	(4,231)	(2,635)
Deduct: Finance costs	(894)	(405)
Net profit before tax	6,072	5,133
Income tax expense	(1,431)	(1,507)
Net profit after tax	4,641	3,626

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 \$4,348,777.

There have been no other dividends paid or declared during the period.

Significant Changes in State of Affairs

On 6 October 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 part of the GBR Helicopters Pty Ltd acquisition.

On 4 December 2017 77,102,361 shares were issued at \$0.74 each to institutional investors on the basis of 3 shares for every 17 shares held, and 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 part of the Big Cat Green Island Cruises Pty Ltd, Tropical Journeys business and the Calypso Reef Charters Pty Ltd acquisitions.

Experience Co Limited acquired the following adventure businesses from 1 July 2017 to 31 December 2017:

- On 21 July 2017, acquired 100% of the ordinary shares in Byron Bay Ballooning Pty Ltd.
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- On 28 November 2017, acquired 100% of the ordinary shares in Blue Ocean Productions Pty Ltd.
- On 13 December 2017, acquired 100% of the ordinary shares in Big Cat Green Island Cruises Pty Ltd.
- On 19 December 2017, acquired the business Tropical Journeys, and 100% of the ordinary shares in Calypso Reef Charters Pty Ltd.

Events Subsequent to the End of the Reporting Period

No material events subsequent to end of the reporting period.

Rounding of Amounts

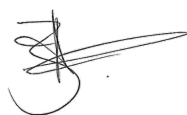
The Company is an entity to which ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 206/191 issued by ASIC relating to rounding off applies, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Auditor's independence declaration

A copy of the auditor's independence declaration as requested under section 307 c of the Corporation Act 2001 is set out on page 20.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

Signed on behalf of the directors



Anthony Boucaut
Managing Director
Dated : 12 February 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 half year ended 31 December 2017

	Consolidated Group	
	Half Year Ended 31 December 2017 \$000	Half Year Ended 31 December 2016 \$000
Revenue	59,239	39,098
Cost of sales	(34,879)	(22,812)
Gross profit	24,360	16,286
Other income	500	220
Administration expenses	(10,287)	(6,217)
Occupancy expenses	(1,594)	(995)
Depreciation and amortisation expenses	(4,231)	(2,635)
Marketing, advertising and agents commission	(1,291)	(939)
Repairs and maintenance expenses	(491)	(182)
Finance costs	(894)	(405)
Net profit before income tax	6,072	5,133
Income tax expense	(1,431)	(1,507)
Net profit after tax attributable to members of the parent entity	4,641	3,626
Other comprehensive income:		
Items that will be reclassified to profit or loss when specific conditions are met:		
Exchange differences on translation of foreign operations	208	89
Total other comprehensive income	208	89
Total comprehensive income for the period	4,849	3,715
Earnings per share		
From continuing operations:		
Basic earnings per share (cents)	2.03	1.75
Diluted earnings per share (cents)	1.94	1.71

The accompanying notes form part of these financial statements.

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

Consolidated Statement of Financial Position
as at 31 December 2017

	Note	Consolidated Group As at 31 December 2017 \$000	As at 30-Jun-17 \$000
ASSETS			
Current assets			
Cash and cash equivalents	2	14,465	9,490
Trade and other receivables		12,724	4,340
Inventories		4,204	2,525
Other current assets		3,408	3,705
Current tax assets		252	-
Total current assets		35,053	20,060
Non-current assets			
Trade and other receivables		1,175	1,153
Property, plant and equipment	5	122,724	70,370
Intangible assets	6	89,043	47,959
Other non current assets		1,037	38
Deferred tax assets		2,294	-
Total non-current assets		216,273	119,520
Total assets		251,325	139,580
LIABILITIES			
Current liabilities			
Trade and other payables		14,738	6,596
Deferred revenue		1,179	891
Borrowings	11	7,974	5,692
Provisions		2,195	1,490
Current tax liabilities		1,518	1,338
Total current liabilities		27,604	16,007
Non-current liabilities			
Borrowings	11	33,031	23,932
Deferred tax liabilities		11,404	4,962
Provisions		783	183
Total non-current liabilities		45,218	29,077
Total liabilities		72,822	45,084
Net assets		178,503	94,496
Equity			
Issued capital	7	167,828	84,321
Retained earnings		12,500	12,208
Reserves		(1,825)	(2,033)
Total equity		178,503	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 of Changes in Equity
for the half year ended 31 December 2017

	Note	Issued Capital \$000	Retained Earnings \$000	Asset Revaluation Reserve \$000	Common Control Reserve \$000	Share Option Reserve \$000	Foreign Currency Translation Reserve \$000	Total \$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 period		-	3,626	-	-	-	-	3,626
Other comprehensive income		-	-	-	-	-	89	89
Total comprehensive income		-	3,626	-	-	-	89	3,715
Transactions with owners, in their capacity as owners								
Issued shares		19,627	-	-	-	-	-	19,627
Transaction costs, net of tax impact		(1,033)	-	-	-	-	-	(1,033)
Distributions paid or provided for		-	(3,963)	-	-	-	-	(3,963)
Movement in share options reserve		-	-	-	-	3	100	103
Total transactions with owners		18,594	(3,963)	-	-	3	100	14,734
Balance as at 31 December 2016		83,825	6,352	2,386	(4,171)	16	88	88,495
Balance at 1 July 2017		84,321	12,208	2,386	(4,171)	18	(266)	94,496
Comprehensive income								
Profit for the period		-	4,641	-	-	-	-	4,641
Other comprehensive income		-	-	-	-	-	208	208
Total comprehensive income		-	4,641	-	-	-	208	4,849
Transactions with owners, in their capacity as owners								
Issued shares	7	86,946	-	-	-	-	-	86,946
Transaction costs, net of tax impact		(3,438)	-	-	-	-	-	(3,438)
Distributions paid or provided for	3	-	(4,349)	-	-	-	-	(4,349)
Total transactions with owners		83,507	(4,349)	-	-	-	-	79,159
Balance as at 31 December 2017		167,828	12,500	2,386	(4,171)	18	(58)	178,503

The accompanying notes form part of these financial statements.

Experience Co Limited and Controlled Entities
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Consolidated Statement of Cash Flows
for the half year ended 31 December 2017

	Consolidated Group	
	Half Year Ended	Half Year Ended
Note	31 December 2017	31 December 2016
	\$000	\$000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	65,295	37,697
Interest received	37	106
Payments to suppliers and employees (inclusive of GST)	(56,877)	(29,092)
Finance costs	(894)	(405)
Income tax paid	(2,538)	(1,767)
Net cash provided by operating activities	5,022	6,539
Cash flows from investing activities		
Payments for property, plant and equipment	(15,825)	(11,673)
Payments for business acquisitions	(69,558)	(15,922)
Loans to related parties	(500)	-
Investments in related parties	(500)	-
Cash acquired in business acquisitions	1,897	610
Net cash used in investing activities	(84,486)	(26,985)
Cash flows from financing activities		
Proceeds from issued capital	80,946	19,626
Transaction costs associated with share issue	(3,438)	(1,033)
Dividends paid	(4,349)	(3,963)
Repayment of borrowings	(2,071)	(1,213)
Proceeds from borrowings	13,447	4,579
Net cash provided by financing activities	84,535	17,996
Net increase / (decrease) in cash held	5,071	(2,450)
Cash at beginning of the period	9,490	12,819
Effects of exchange rate on cash and cash equivalents	(96)	-
Cash at end of the period	2 <u>14,465</u>	<u>10,369</u>

The accompanying notes form part of these financial statements.

Experience Co Limited and Controlled Entities
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Notes to the consolidated financial statements
for the half year ended 31 December 2017

1 Significant Accounting Policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 30 June 2017 annual financial report for the financial year ended 30 June 2017. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Comparative Figures

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

Critical Accounting Judgements, Estimates and Assumptions

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. All critical accounting estimates and judgements are consistent with those applied and included in the annual financial report for the year ended 30 June 2017.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and did not have any significant impact on the amounts reported for the current or prior periods.

Provisional amounts in respect of acquisitions

During the half year period ended 31 December 2017, Experience Co Limited made a number of acquisitions as disclosed in note 4. AASB 3, Business Combinations, confirms that if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete.

The initial accounting and Purchase Price Allocation for the acquisition remains incomplete and consequently the Board has resolved to include provisional amounts in respect of the acquisition for the half year ended 31 December 2017. The actual results may differ materially for these original estimates for the Provisional Amounts.

2 Reconciliation of Cash and Cash Equivalents

Cash at the end of the period as shown in the statement of cashflows is reconciled to the items in the statement of financial position as follows:

	Consolidated Group 31-Dec-17 \$000	30-Jun-17 \$000
Cash on hand	41	26
Cash at bank	14,424	9,464
	<u>14,465</u>	<u>9,490</u>

3 Dividends

A final fully franked dividend of \$0.01 per share was paid on 29 September 2017 out of retained profits at 30 June 2017, amounting to \$4,348,777

No other dividends have been paid or declared.

4 Acquisition of Controlled Entities

- (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:	
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>

Experience Co Limited and Controlled Entities
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Notes to the consolidated financial statements
for the half year ended 31 December 2017

4 Acquisition of Controlled Entities (continued)

- (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, including the purchase of loan accounts of \$8,352,525.

Fair value of purchase consideration:

Cash	16,600
Shares issued in Experience Co limited	1,000
Deferred Consideration	2,000
Working Capital Adjustment	(1,853)
Loans acquired	(8,353)
	<u>9,394</u>

Assets and liabilities held at acquisition date:

- Current assets	2,596
- Non-current assets	14,418
- Current liabilities	(5,053)
- Non-current liabilities	(6,383)
	<u>5,578</u>

Goodwill and other intangible assets 3,816

- (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.

Fair value of purchase consideration:

Cash	<u>350</u>
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Assets held at acquisition date

- non current assets	<u>25</u>
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Goodwill and other Intangible Assets 325

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

Fair value of purchase consideration:

Cash	33,070
Shares issued in Experience Co limited	5,000
Working Capital Adjustment	608
	<u>38,678</u>

Assets and liabilities held at acquisition date:

- Current assets	3,651
- Non-current assets	11,680
- Current liabilities	(2,572)
- Non-current liabilities	(3,416)
	<u>9,343</u>

Goodwill and other intangible assets 29,335

- (vi) On 19 December 2017, Experience Co Limited acquired the business Tropical Journeys, a business trading within Australia, for the consideration of \$18,000,000, including the purchase of loan accounts of \$4,659,959. The acquisition included the purchase of Calypso Reef Charters Pty Ltd.

Fair value of purchase consideration:

Cash	18,000
Loans acquired	(4,660)
	<u>13,340</u>

Assets and liabilities held at acquisition date:

- Current assets	1,533
- Non-current assets	11,999
- Current liabilities	(6,191)
- Non-current liabilities	(720)
	<u>6,621</u>

Goodwill and other intangible assets 6,719

- (vii) On 1 September 2017, Experience Co Limited paid an amount of \$468,537 to the 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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Notes to the consolidated financial statements
for the half year ended 31 December 2017

5 Property, Plant and Equipment

	Consolidated Group As at 31-Dec-17 \$000	As at 30-Jun-17 \$000
Plant and equipment:		
At cost	11,681	9,647
Accumulated depreciation	(3,101)	(2,305)
	<u>8,580</u>	<u>7,342</u>
Leasehold improvements:		
At cost	2,780	1,986
Accumulated depreciation	(886)	(616)
	<u>1,894</u>	<u>1,370</u>
Aircraft:		
At revalued amounts	72,169	48,773
Accumulated depreciation	(7,388)	(5,667)
	<u>64,781</u>	<u>43,105</u>
Motor vehicles:		
At cost	5,290	4,019
Accumulated depreciation	(1,159)	(900)
	<u>4,131</u>	<u>3,119</u>
Office equipment:		
At cost	1,424	1,179
Accumulated depreciation	(771)	(648)
	<u>653</u>	<u>531</u>
Land and buildings:		
At cost	9,793	4,189
Accumulated depreciation	(128)	(70)
	<u>9,665</u>	<u>4,119</u>
Vessels:		
At cost	31,846	9,285
Accumulated depreciation	(496)	(134)
	<u>31,350</u>	<u>9,151</u>
Floating Docks		
At cost	1,793	1,656
Accumulated depreciation	(122)	(22)
	<u>1,670</u>	<u>1,634</u>
Total property, plant and equipment	<u>122,724</u>	<u>70,370</u>

a) Movements in Carrying Amounts

	Plant & Equipment	Leasehold Improvements	Aircraft	Motor Vehicles	Office Equipment	Land and buildings	Vessels	Floating Docks	Total
Opening balance	7,342	1,370	43,105	3,119	531	4,119	9,151	1,634	70,370
Additions through business combinations	747	706	14,290	508	103	1,600	22,467	51	40,472
Additions	1,287	88	9,107	763	142	4,004	94	85	15,570
Depreciation expense	(796)	(270)	(1,721)	(259)	(123)	(58)	(362)	(99)	(3,688)
Closing balance	<u>8,580</u>	<u>1,894</u>	<u>64,781</u>	<u>4,131</u>	<u>653</u>	<u>9,665</u>	<u>31,350</u>	<u>1,670</u>	<u>122,724</u>

6 Intangible Assets

	Consolidated Group As at 31-Dec-17 \$000	As at 30-Jun-17 \$000
Goodwill:		
Cost	30,917	18,828
Accumulated impaired losses	-	-
	<u>30,917</u>	<u>18,828</u>
Leases & Licences:		
Cost	15,389	6,131
Accumulated amortisation and impairment losses	(198)	(198)
	<u>15,191</u>	<u>5,933</u>
Trademarks:		
Cost	15,594	9,805
Accumulated amortisation and impairment losses	-	-
	<u>15,594</u>	<u>9,805</u>
Computer software:		
Cost	1,328	1,207
Accumulated amortisation and impairment losses	(962)	(839)
	<u>367</u>	<u>368</u>
Customer relationships and other intangible assets:		
Cost	28,436	14,073
Accumulated amortisation	(1,462)	(1,048)
	<u>26,974</u>	<u>13,025</u>
Total intangibles	<u>89,043</u>	<u>47,959</u>

Experience Co Limited and Controlled Entities
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Notes to the consolidated financial statements
for the half year ended 31 December 2017

6 Intangible Assets (Continued)

a) Movements in Carrying Amounts

	Goodwill \$000	Leases & Licences \$000	Trademarks \$000	Computer Software \$000	Customer relationships and other \$000	Total \$000
Opening balance	18,828	5,933	9,805	368	13,025	47,959
Additions through business combinations	11,689	9,658	5,734	-	14,293	41,374
Additions	-	-	55	128	70	253
Transfers between classes	400	(400)	-	-	-	-
Amortisation expense	-	-	-	(129)	(414)	(543)
Closing balance	30,917	15,191	15,594	367	26,974	89,043

7 Issued Capital

	Consolidated Group As at 31-Dec-17 \$000	As at 30-Jun-17 \$000
555,811,840 (June 2017: 434,877,669) fully paid ordinary shares	167,828	84,321
	No.	No.
At the beginning of the reporting period	434,877,669	396,301,350
Shares issued during the period	120,934,171	38,576,319
Balance at the end of the reporting period	555,811,840	434,877,669

On 10 October 2017 30,304,000 shares were issued at \$0.66 each to institutional investors.

On 3 November 2017 1,515,152 shares were issued at \$0.66 each as part of the GBR Helicopters Pty Ltd acquisition.

On 4 December 2017 77,102,361 shares were issued at \$0.74 each to institutional investors on the basis of 3 shares for every 17 shares held.

On 4 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.

On 13 December 2017 6,756,757 shares were issued at \$0.74 each as part of the Big Cat Green Island Reef Cruises Pty Ltd acquisition.

8 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 (who are identified as the chief operating decision makers) 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) Operating Segment information

	Skydiving \$000	Other Adventure Experiences \$000	Intersegment eliminations / unallocated \$000	Total \$000
31 December 2017				
Revenue				
Sales to external customers	38,724	20,497	19	59,240
Inter-segment sales	-	-	-	-
Total sales revenue	38,724	20,497	19	59,240
Other income	113	387	-	500
Total Revenue	38,837	20,884	19	59,740
EBIDTA	12,211	4,839	-	17,050
Depreciation and amortisation	(3,379)	(852)	-	(4,231)
Finance costs	(894)	-	-	(894)
Net profit before tax from continuing operations	7,938	3,987	-	11,925
Reconciliation of segment result to group net profit/loss before tax				
Segment net profit from continuing operations before tax	7,513	4,412	-	11,925
Unallocated items:				
Shared services costs				5,853
Net profit before tax from continuing operations				6,072

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8 Segment information (continued)

	Skydiving	Other Adventure Experiences	Intersegment eliminations / unallocated	Total
31 December 2016	\$000	\$000	\$000	\$000
Revenue				
Sales to external customers	36,378	2,720	-	39,098
Inter-segment sales	-	-	-	-
Total sales revenue	36,378	2,720	-	39,098
Other income	89	25	-	114
Total Revenue	36,467	2,745	-	39,212
EBIDTA	12,106	588	-	12,694
Depreciation and amortisation	(2,569)	(65)	-	(2,634)
Finance costs	(405)	-	-	(405)
Net profit before tax from continuing operations	9,132	523	-	9,655
Reconciliation of segment result to group net profit/loss before tax				
Segment net profit from continuing operations before tax	9,142	513	-	9,655
Unallocated items:				
Shared services costs				4,522
Net profit before tax from continuing operations				5,133

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.

	Skydiving	Other Adventure Experiences	Total
31 December 2017	\$000	\$000	\$000
Segment Assets	224,362	26,964	251,325
Segment Liabilities	51,379	21,442	72,822
30 June 2017	\$000	\$000	\$000
Segment Assets	129,716	9,864	139,580
Segment Liabilities	37,966	7,118	45,084

9 Segment information

Identification of reportable segments

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:

Segment performance	Australia	New Zealand	Total
31 December 2017	\$000	\$000	\$000
Revenue			
Sales to external customers	46,258	12,981	59,239
	46,258	12,981	59,239
31 December 2016			
Revenue			
Sales to external customers	27,147	11,951	39,098
Non Current Segment Assets			
31 December 2017			
Non Current Segment assets	190,244	26,028	216,273
	190,244	26,028	216,273
30 June 2017			
Non Current Segment assets	91,889	27,631	119,520
	91,889	27,631	119,520

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10 Fair Value Measurements

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

The Group subsequently measures some items of freehold land and buildings 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

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the 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. 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.

Recurring fair value measurements

Non-financial assets

	31 December 2017			Total
	Level 1 \$000	Level 2 \$000	Level 3 \$000	\$000
Aircraft	-	-	64,781	64,781
Vessels	-	-	31,846	31,846
Total non-financial assets recognised at fair value on a recurring basis	-	-	96,627	96,627
Total non-financial assets recognised at fair value	-	-	96,627	96,627

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

Fair Value (\$) at 31 December 2017		
Description	Valuation technique(s)	Inputs used
Non-financial assets		
Aircraft equipment	64,781	
Vessels	31,846	
	Market approach using recent observable market data for similar assets	Make and model of vessels, aircraft frame, engines and other key components, maintenance status, damage history
	<u>96,627</u>	

The fair value of aircraft equipment and vessels is expected to be determined at least every three years based on valuations by an independent valuer. 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.

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Notes to the consolidated financial statements
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11 Borrowings

	Consolidated Group	
	As at	As at
	31-Dec-17	30-Jun-17
	\$000	\$000
<u>Current</u>		
Bank loans	3,756	87
Finance lease liabilities	2,014	3,401
Vendor finance loan	2,204	2,204
Total current borrowings	<u>7,974</u>	<u>5,692</u>
<u>Non-Current</u>		
Bank loans	16,497	15,137
Finance lease liabilities	16,534	8,795
Total non-current borrowings	<u>33,031</u>	<u>23,932</u>
Total borrowings	<u>41,005</u>	<u>29,624</u>
<u>Total current and non-current secured liabilities:</u>		
Bank loan	20,253	15,224
Finance lease liabilities	18,548	12,196
Vendor finance loan	2,204	2,204
	<u>41,005</u>	<u>29,624</u>

12 Contingent Assets and Contingent Liabilities

The Group had no contingent assets or contingent liabilities as at 31 December 2017.

13 Events After the End of the Period

No events after end of the period.

14 Company Details

The registered office and principal place of business is:

1/51 Montague Street
NORTH WOLLONGONG NSW 2500

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

ACN 167 320 470

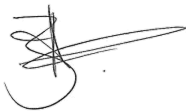
Directors' Declaration

In accordance with a resolution of the directors of Experience Co Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 14:

- (a) comply with Accounting Standard AASB 134: Interim Financial Reporting; and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the period ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Anthony Boucaut
Managing Director
Dated: 12 February 2018



Anthony Ritter
Chief Executive Officer

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000

GPO Box 5138 Sydney NSW 2001

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www.rsm.com.au**INDEPENDENT AUDITOR'S REVIEW REPORT****TO THE MEMBERS OF****EXPERIENCE CO LIMITED****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Experience Co Limited which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entities are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Experience Co Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations act 2001*, which has been given to the directors of Experience Co Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Experience Co Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS


G N SHERWOOD
Partner

Sydney, NSW
Dated: 12 February 2018

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Experience Co Limited for the half year ended 31 December 2017, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads 'RSM'.**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink that reads 'G N Sherwood' with 'GNS' written to the right.

G N Sherwood
Partner

Sydney, NSW

Dated: 12 February 2018