ExperienceCo LIMITED

ACN 167 320 470

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

LISTED ON AUSTRALIAN STOCK EXCHANGE

Experience Co LIMITED

ACN 167 320 470

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

Annual Report
For The Year Ended 30 June 2018

Contents

Chairman's Letter

Dear Shareholder,

On behalf of the Board of Directors of Experience Co Limited ("EXP" or "Group"), I hereby present the Annual Report for the 12 months ended 30 June 2018.

FY2018 was a successful but challenging year, and the highlights include:

- The change of name from Skydive the Beach Group Limited (ASX: SKB) to Experience Co Limited (ASX: EXP) to better reflect the evolving and disparate nature and strategic value of the Group's expanded operations;
- The acquisition of the following businesses as part of that strategic direction, each of which are expected to contribute to the future profitability of the Group:
  - Byron Bay Ballooning
  - Wine Country Ballooning
  - GBR Helicopters
  - Blue Ocean Productions
  - Big Cat Green Island Reef Cruises
  - Tropical Journeys, and
- Following the North Queensland acquisitions, the Group has consolidated all operational, sales and administration functions of all the adventure tourism businesses in that area under one roof "Adventure House", with attendant savings and synergies, and are all performing well and as forecast;
- Our NZ drop zones have continued to perform well, with jump numbers and profitability up on last year;
- The Australian skydiving jumps were down when compared to FY17, due to a combination of factors, including a decline in bookings as a result of the incident at Mission Beach, and the adverse rain event in H2. The revenue from skydiving was up slightly compared to FY17 due to the 3% increase in average revenue per jump, including photography products.
- Unfortunately, there were two incidents, resulting in fatalities in Mission Beach FNQ and Queenstown NZ, and our thoughts remain with the families and friends of those affected by these tragedies. The relevant authorities conducted a thorough review of the Group's equipment, processes, procedures and the personnel involved and, in both cases, found they were all in good order such that both drop zones recommenced operations within a week. Safety in all things we do has always been of paramount importance to the Group and will continue to be, with a continuous review of operations and equipment and changes made where deemed appropriate for improvement;
- The Directors have reviewed the underlying assumptions for FY2019 and are confident that, barring unforeseen circumstances, year on year increases in Revenue and EBITDA can be achieved;

The Board is very pleased to welcome Bob East to the EXP Board as a Non-executive Director, and subject to his re-election at the 2018 AGM, it is the Board's intention to elect him as Chairman of the Board at that time.

I would like to thank the Group executives and staff for all their efforts in what has been another exciting year. I look forward to their continued efforts to help EXP grow into the enterprise we all know it can be, that is; a leading, well respected and profitable, adventure tourism and leisure company.

Lastly, I would like to thank the shareholders for their continued support, without which none of this would be possible.

Yours faithfully,

John Diddams
Acting Chairman

Joint MD & CEO Letter

Dear Shareholder,

FY2018 has been a challenging, however successful year for the Group having completed the acquisition of strategically aligned businesses which enhance the portfolio and facilitate growth of the business for FY2019 and beyond.

Whilst the business has benefitted from the full 12 months of acquisitions completed in late FY2017, a number of significant acquisitions were completed during this year and the benefit therefore is expected to flow into FY2019 and beyond. These acquisitions provide our customers with more choice in a broader range of experiences in key locations throughout Australia and New Zealand. The acquisitions help grow our customer and repeat customer bases, which increases shareholder value.

Key Highlights include:

The GBR Helicopters acquisition strengthens the company's position offering world class experiences for our customers in Far North Queensland with scenic helicopter flights over the Great Barrier Reef and Daintree Rainforest.

The Big Cat Green Island Cruises acquisition offers full day and half day cruises to Green Island, a coral cay on the Great Barrier Reef which is a tropical island paradise, and is approximately 16 nautical miles from Cairns marina.

The Tropical Journeys and the Calypso Reef Charter Businesses add sophisticated Great Barrier Reef experiences to the portfolio through highly respected and well recognised brands from Port Douglas, North Queensland. The businesses also offers' diversification to the Group, offering personalised tours through the Daintree National Park via Daintree Tours.

Other acquisitions such as Byron Bay Balloons, Wine Country Balloons, and Blue Ocean Productions all form part of the strategy to form adventure hubs at our locations where the business can offer more than one adventure tourism experience in each location, together with the opportunity to purchase a photo or video package to capture the experience.

The Group delivered results in line with guidance issued on 30 April 2018 of total revenue of $135,000,000 representing a 51% increase on FY2017, and EBITDAI of $27,411,000 representing a 31% increase on FY2017.

The Group now employs over 700 full time and part time employees and in FY2018 conducted approximately 500,000 adventure experiences throughout the business.

FY2019 Outlook and Strategy

With a commitment to drive ongoing growth and deliver shareholder value in FY2019, we will continue to deliver on the following to achieve our key strategies:

- Consolidate the businesses acquired during the year with a focus on synergies, efficiencies and enhanced operating processes and systems gained from the acquisitions.
- Grow the customer base as a result of additional and enhanced experiences options and locations.
- Capitalise on the well respected and recognised brands.
- Where appropriate and feasible, acquire complementary businesses offering increased experience options to customers aimed at growth and development.
- Take advantage of the growth in domestic and international tourism including initiatives to capture the growing Asian market.
- Increase capability to capture growth in trends towards online bookings.
- Ongoing focus on human capital to achieve the next growth stage of the business.

We thank our customers, investors and all our stakeholders for their ongoing support of Group during FY2018.

We are sincerely grateful to the large dedicated team of people in our organisation who have continued to help grow the company, and to those people that have joined the company as a result of acquisitions or our organic growth. The vision of Experience Co is to become the largest and most respected adventure tourism company in the world, and we are well positioned to achieve this largely due to the quality people we have that make up our team.

We look forward to continuing to build on the growth and successes of the Group in the year ahead.

Anthony Boucaut	Anthony Ritter
Managing Director	Chief Executive Officer

Directors Report

Your 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 financial year ended 30 June 2018.

The Company has changed its name from Skydive the Beach Group Limited to Experience Co Limited with effect from 9 October 2017.

General Information

Directors

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

John Diddams - Independent Non-Executive Director and Acting Chair of the Board
Colin Hughes - Independent Non-Executive Director
Kerry (Bob) East - Independent Non-Executive Director (appointed 30 April 2018)
Anthony Boucaut - Executive Director and Managing Director
Anthony Ritter - Executive Director and Chief Executive Officer
William Beerworth - Independent Non-Executive Director and Chair of the Board (resigned 30 April 2018)

Particulars of each Director's experience and qualifications are set out on page 6 and 7 of this report.

Company Secretaries

John Diddams and Anthony Ritter held the position of joint Company Secretaries for the duration of the year.

The Directors appointed Fiona Van Wyk as Company Secretary on 10 September 2018 at which time the two incumbent joint Company Secretaries resigned.

Principal Activities

The principal activities of the Group during the period was the provision of adventure tourism and leisure experiences to the public, including tandem skydiving in Australia and New Zealand, white water rafting, canyoning, helicopter and boat tours, snorkeling and diving in the Great Barrier Reef, rainforest tours in the Daintree in North Queensland and hot air ballooning in New South Wales.

During the year the group expanded its offering of activities and experiences by acquiring strategically aligned businesses. These are more fully disclosed at Note 16 of this report.

Operating Results and Review of Operations

The Group is a leading adventure tourism and activities business offering customers adventure activities and experiences throughout Australia and New Zealand. As at 30 June 2018, adventure activities and experiences operated from the following locations:

- 18 skydiving locations in Australia and New Zealand
- A leading eco-tourism adventure hub in Cairns Far North Queensland, offering customers white water rafting, hot air ballooning, canyoning, sea kayaking, helicopter and boat tours to the Great Barrier Reef and Daintree Forest Tours.
- 2 Hot Air ballooning locations in New South Wales - Byron Bay and Hunter Valley.

The Group operates under a number of recognised and respected brands including: Skydive the Beach, Skydive Australia, NZone Skydive, Skydive Wanaka, Raging Thunder Adventures, Reef Magic Cruises, Byron Bay Balloons, Great Barrier Reef Helicopters, Big Cat Green Island Reef Cruise, Tropical Journeys and Calypso Reef Tours.

The Group has a team of more than 700 full and part time employees who manage the Group's activities. The Group provided approximately 500,000 experiences to its customers during the year.

The operating results for the year are summarised as follows:

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

* EBITDAI is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDAI to reflect the core earnings of the consolidated entity. A reconciliation between EBITDAI and profit after income tax for the financial year ended 30 June 2018 is included above.

The EBITDAI for the year ended 30 June 2018 increased by 31% when compared to the year ended 30 June 2017. When comparing the year on year EBITDAI for the 12 months to 30 June 2018 the number of months trading from the significant acquisitions completed during the year should be considered:

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

Significant Changes in State of Affairs

On 9 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 13 December 2017, 77,102,361 shares were issued at $0.74 each to institutional investors, and on 29 December 2017, 5,255,901 shares were issued at $0.74 each to retail investors on the basis of 3 shares for every 17 shares held. Both share issues were to fund the acquisitions of Big Cat Green Island Cruises and Tropical Journeys.

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

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

As at the date of this report there were a total of 555,811,840 fully paid ordinary shares on issue, all of which were quoted on the ASX except for 6,756,757 shares under restriction until 14 December 2018.

Dividends Paid or Recommended

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

- 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 $4,438,777.
- The Directors have declared a final and fully franked dividend of $0.01 per share, amounting to $5,558,118, payable on 28 September 2018 out of retained profits at 30 June 2018. For the purposes of determining any entitlement to the dividend, the record date has been set as 17 September 2018.

Information relating to Directors and Company Secretary

John Diddams	—	Independent Non-Executive Director, Acting Chairman
Qualifications	—	BCOM, FCPA, FAICD
Experience	—	John has over 30 years of financial and management experience in various senior management positions in both private and public companies. John is the principal of a CPA firm that provides corporate advisory services to SME and mid-cap companies, including management of the process to raise equity capital, and the IPO due diligence process.
Interest in Shares	—	2,340,545 ordinary shares
Interest in Options	—	1,500,000 options
Special Responsibilities	—	Chairman of the Audit and Risk Committee, member of the Remuneration and Nomination Committee.
Directorships held in other listed entities during the three years prior to the current year	—	Volpara Health Technologies Limited (ASX:VHT), Olivers Real Food Limited (ASX:OLI).
Colin Hughes	—	Non-Executive Director
Qualifications	—	MAICD
Experience	—	Colin has more than 45 years of experience in Aviation, Tourism and Hospitality, having held Executive Management positions at Cathay Pacific Airways in Hong Kong, Continental Airlines, Northwest Airlines and QANTAS, lastly as Group GM International Operations. His current roles include independent director of BWA (Best Western Hotels Australasia), director of AAoA (Accommodation Association of Australia), Director Aviation online, and director of international call centre group, Centrecom.
Interest in Shares and Options	—	Nil
Special Responsibilities	—	Member of the Audit and Risk Committee and member of the Remuneration and Nomination Committee.
Directorships held in other listed entities during the three years prior to the current year	—	Nil
Kerry (Bob) East	—	Independent Non-Executive Director (appointed 30 April 2018)
Qualifications	—	MBA, MAICD
Experience	—	Bob has more than 20 years' experience in the tourism and hospitality industry. Most recently as the CEO of Mantra Group Ltd. For the past 12 years, Bob was responsible for the consolidation and strengthening of the Mantra Group brands and the growth of the business into one of the leading accommodation providers and operators in Australasia as well as operations in Indonesia and Hawaii. Bob was instrumental in the listing of Mantra Group on the ASX in 2014 and in May 2018 the largest hospitality transaction in Australia - the $1.3b acquisition of the Group by AccorHotels.
Interest in Shares and Options	—	Nil
Special Responsibilities	—	Member of the Audit and Risk Committee and Chair of the Remuneration and Nomination Committee.
Directorships held in other listed entities during the three years prior to the current year	—	Mantra Group Limited (ASX: MTR) (resigned 31 May 2018). Chair of Tourism Australia.

Information relating to Directors and Company Secretary (continued)

Anthony Boucaut	—	Founder, Executive Director, Managing Director
Qualifications	—	BSC, MAICD, APF
Experience	—	Anthony has over 20 years' experience in the skydiving industry and over 25 years' experience in aviation. Anthony's aviation experience during his time in the military and his passion for skydiving played a critical role in the establishment of the Experience Co business (when established as Skydive the Beach business in 1999). As a qualified pilot, Anthony also oversees the aircraft and aircraft maintenance division within the business.
Interest in Shares	—	179,941,268 ordinary shares
Interest in Options	—	3,000,000 options
Special Responsibilities	—	Nil
Directorships held in other listed entities during the three years prior to the current year	—	Nil

Anthony Ritter	—	Executive Director and Chief Executive Officer
Qualifications	—	BCOM, CA, MAICD
Experience	—	Anthony has over 20 years of financial, management and corporate governance experience in various senior management roles in public, private and not-for-profit entities. He has been involved with the Experience Co business since 2011 and has demonstrated strong strategic planning, analytical, leadership and financial management skills. He has also played an integral part in the successful growth of the Group by way of listing on the ASX, acquisitions of additional businesses, and in the organic growth of the underlying business.
Interest in Shares	—	3,383,970 ordinary shares
Interest in Options	—	2,500,000 options
Special Responsibilities	—	Nil
Directorships held in other listed entities during the three years prior to the current year	—	Nil

William Beerworth	—	Independent Non-Executive Director and Chairman (resigned 30 April 2018)
Qualifications	—	BA LLB (Sydney), LLM SJD (Virginia), MCOM (NSW), MBA (Macquarie), member of the NSW Law Society, FAICD, FCPA and CTA
Experience	—	An investment banker and corporate solicitor, Bill was educated in Australia and the United States and has a career spanning more than 40 years. Bill held a number of senior positions before establishing Beerworth+Partners Limited, a corporate advisory firm specialising in corporate strategy, M&A, and foreign investment.
Interest in Options	—	500,000 options
Special Responsibilities	—	None
Directorships held in other listed entities during the three years prior to the current year	—	Redhill Education Limited (ASX: RDH) (Chairman).

Company Secretary

Fiona van Wyk was appointed as company secretary on 10 September 2018. Fiona has over 20 years’ experience as a company secretary, most recently as company secretary of the Manta Group from 2007 to May 2018. Fiona is a member of the Governance Institute of Australia and the Australian Institute of Company Directors.

Meetings of Directors

During the financial year, 18 meetings of directors (including Board Committee Meetings) were held.
Attendances by each director during the year were as follows:

	Directors' Meetings		Audit and Risk		Remuneration & Nomination	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
John Diddams	18	18	4	4	2	2
Colin Hughes	18	18	4	4	2	2
Kerry (Bob) East	2	2	-	-	-	-
Anthony Boucaut	18	14 **	-	-	-	-
Anthony Ritter	18	18	-	-	-	-
William Beerworth	16	9 **	4	2 **	2	1 **

** directors were excused from attendance at meetings during this time due to prolonged ill health.

Options

At the date of this report, the unissued ordinary shares of Experience Co Limited under option are as follows

Grant Date	Date of vesting	Date of expiry	Exercise price	Number under option
30 January 2015	29 January 2016	29 January 2025	$0.25	2,000,000
30 January 2015	29 January 2016	29 January 2025	$0.25	2,666,666
30 January 2015	30 January 2017	29 January 2025	$0.25	2,666,666
30 January 2015	30 January 2018	29 January 2025	$0.25	2,666,668
02 February 2015	29 January 2016	29 January 2025	$0.25	300,000
				10,300,000

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Events after the Reporting Period

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

Environmental Issues

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

Corporate Governance Statement

The Group and the Directors are committed to achieving and demonstrating a high standard of corporate governance. A copy of the Group's corporate governance statement current as at 28 August 2018 can be found on the website www.experienceco.com/investors in accordance with ASX Listing Rule 4.10.3.

Indemnifying Officers or Auditor

The Company has paid premiums to insure all past, present and future directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of directors of the company, other than conduct involving a willful breach of duty in relation to the Company. The premium payable for FY2018 is $47,160 and the Company has elected to pay this premium by instalments and as at the date of this report all instalments due have been paid.

Proceedings on Behalf of Company

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

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

Non-Audit Services

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

- all non-audit services are reviewed and approved by the Audit Committee or the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to RSM Australia for non-audit services provided during the year ended 30 June 2018:

	$
Taxation planning and compliance	132,791
OSR compliance and review	18,725
Research and Development lodgements	20,000
Due diligence investigations on acquisitions	281,953
	453,469

The tax services comprised mainly tax compliance, an Office of State Revenue review and advisory services in relation to the tax consolidation of the Group.
The services also included financial and tax due diligence on a number of acquisitions completed during the year

Auditor’s Independence Declaration

The lead auditor’s independence declaration for the year ended 30 June 2018 has been received and can be found on page 13 of the financial report.

Rounding of Amounts

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

REMUNERATION REPORT

Remuneration policy

The remuneration policy of Experience Co Limited has been designed to align the objectives of senior executives with the Group's strategy and business objectives aimed at driving ongoing shareholder value. The Group provides a fixed remuneration and offers short-term and long-term incentives based on areas of performance affecting the Group's financial performance and other factors key to ongoing growth and development of the business. The Board of Experience Co Limited believes the remuneration policies are appropriate and effectively attract and retain high-quality and motivated senior executives to manage the Group's business, as well as create goal congruence between directors, senior executives and shareholders.

The Board’s policy for determining the nature and amount of remuneration for senior executives of the Group is as follows:

- The remuneration policy is developed by the Remuneration and Nomination Committee and approved by the Board seeking professional advice from independent external consultants, as required from time to time
- All senior executives receive a base salary which is based on factors such as length of service, experience and level of involvement in the business
- All senior executives are entitled to receive superannuation, fringe benefits and performance incentives
- Performance incentives are only paid once predetermined key performance indicators (KPIs) have been met. The total amount attributed to STI's is represented as a target % of fixed remuneration of between 20% and 50%
- Incentives paid in the form of options or performance rights may be issued which are intended to align the interests of the senior executives of the business directors and shareholders. In this regard, senior executives are prohibited from limiting risk attached to those instruments by use of derivatives or other means
- The Remuneration and Nomination Committee reviews senior executive remuneration packages annually with reference to the Group’s financial performance, senior executive performance and comparable industry information.

The performance of senior executives is measured against criteria agreed annually with each senior executive aimed at driving a culture based on achieving the Group's financial performance targets and growth strategies to deliver ongoing shareholder value. All bonuses and incentives are linked to predetermined performance criteria. The Directors may, however, exercise their discretion in relation to approving incentives, bonuses and issue of options. Any such discretion must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of senior executives and reward them appropriately for performance resulting in long-term growth.

Executive Directors receive a superannuation guarantee contribution required by the government, which is currently 9.5% and do not receive any other retirement benefits. Individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to KMP is valued at the cost to the company and expensed.

Non-Executive Director remuneration arrangements

The Board's policy is to remunerate Non-Executive Directors based on market related fees for time, commitment and responsibilities. The Remuneration and Nomination Committee determines fees payable to Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice was sought during the period.

Non-Executive Directors receive a Board fee and fees for chairing or participating on board committees per below:

Base fees inclusive of superannuation

Chair of Board - $120,000 per annum
Other Non-Executive Directors - $80,000 per annum
Chair of Committee - $25,000 per annum
Member of Committee - $20,000 per annum

The maximum annual aggregate of Director's fee pool is $750,000. Any change to this aggregate annual amount is required to be approved by Shareholders.
All Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment.

KMP or closely related parties of KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration.

Engagement of Remuneration Consultants

During the year, the Remuneration and Nomination Committee engaged independent external remuneration consultants, Crichton and Associates Pty Ltd (Crichton) to review the Company’s remuneration policies and frameworks. During the year Crichton were paid $11,145 for their services. All advice from Crichton is carefully considered by the Nomination and Remuneration Committee and the Board. In accordance with the Corporations Act, 2001, Crichton has declared that their advice has been provided free of any undue influence by any member of the KMP or senior executive and on that basis the Board is satisfied that all advice received from Crichton has been provided free from any undue influence by any member of the KMP or senior executive.

Performance-based Remuneration

Part of the remuneration packages of the executive directors and senior executives has a performance-based component (STI bonus) based on key performance indicators (KPIs) which are set annually. The intention is to create goal congruence between senior executives with that of the business' long-term growth and shareholders. The performance measures are specifically tailored to each individual and their area of responsibility.

The KPIs target areas of the business the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The levels set are based on the Group's agreed annual targets and annual financial budgets for the Group.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the level of achievement of the KPI’s by the respective senior executive.

Following assessment, the KPIs are reviewed by the Remuneration and Nomination Committee prior to being awarded and before the KPIs are set for the following year.

In determining whether a KPI has been achieved, an assessment is based on final year-end audited results, including EBITDAI performance.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between senior executives, executive directors and shareholders. The methods applied to achieve this are:
- a performance-based bonus based on achieving KPI targets; and
- the issue of options or performance rights aimed at aligning the interests of senior executives with growing shareholder value.

The following table shows the gross revenue, EBITDAI, profits and dividends for the last four years for the listed entity, as well as the market capitalisation, share prices at the end of the respective financial years. Information is not available prior to the group's inception on 1 July 2014. Analysis of the actual figures shows an increase in EBITDAI year on year as well as the payment of dividends to shareholders. The Board is of the opinion that these results can be attributed, in part, to the previously described remuneration policy.

	2018	2017	2016	2015
Sales revenue ($'000)	135,300	89,566	58,473	26,320
EBITDAI ($'000)	27,411	20,988	13,457	6,025
Net profit for the year ($'000)	6,785	9,482	7,158	2,468
Market capitalisation ($'000)	355,720	287,019	202,114	91,056
Dividends paid ($'000)	4,349	3,963	2,937	-
Earnings per share (cents)	1.34	2.24	2.10	1.13
Share price at financial year end ($)	0.64	0.66	0.51	0.31
Dividends paid (cents per share)	0.01	0.01	0.01	-

Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of short-term and long-term incentive plans based on the achievement of KPIs such as revenue targets and continued employment with the Group. The objective of the schemes is to reinforce the short and long-term goals of the business in alignment with the common interests of senior executives and shareholders.

No performance based bonuses or remuneration based on these performance targets were paid or accrued in FY2018 in relation to the MD and CEO of the Company.

The satisfaction of the performance conditions is based on a review of the audited financial statements of the Group and publicly available market indices.

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated group. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

Position Held as at 30 June 2018 and any change during the year		**Contract details (duration & termination)**
Group KMP		
John Diddams	Independent Non-Executive Director	Duration and termination unspecified.
Colin Hughes	Independent Non-Executive Director	Duration and termination unspecified.
Kerry (Bob) East **	Independent Non-Executive Director	Duration and termination unspecified.
Anthony Boucaut	Executive Director, Managing Director	Duration unspecified. Termination requires 3 months written notice.
Anthony Ritter	Executive Director, Chief Executive Officer	Duration unspecified. Termination requires 3 months written notice.
Phillip Turner	Chief Financial Officer	Duration unspecified. Termination requires 3 months written notice.
Steve O'Malley	Group General Manager (NQ) Commercial	Duration unspecified. Termination requires 6 months written notice.
Clark Scott	General Manager (New Zealand)	Duration unspecified. Termination requires 3 months written notice.
William Beerworth *	Independent Non-Executive Director and Chairman	Duration and termination unspecified.

* Bill Beerworth resigned 30 April 2018.
** Bob East appointed 30 April 2018.

	Proportions of Performance-related			**Portion of Non-performance**	
	Non-salary cash-based incentives %	Shares/ Units %	Options %	Fixed Salary/Fees %	Total %
Group KMP					
John Diddams	-	-	-	100%	100%
Colin Hughes	-	-	-	100%	100%
Kerry (Bob) East	-	-	-	100%	100%
Anthony Boucaut	-	-	-	100%	100%
Anthony Ritter	13%	-	-	87%	100%
Phillip Turner	4%	-	-	96%	100%
Steve O'Malley	-	-	-	100%	100%
Clark Scott	50%	-	-	50%	100%
William Beerworth	-	-	-	100%	100%

The employment terms and conditions of all KMP are formalised in contracts of employment.

Terms of employment for executive directors require a minimum of 3 months notice prior to termination. Termination payments are payable in accordance with relevant laws and regulations based on benefits accrued at the date of termination.

Changes in Directors and Executives Subsequent to Year-end

The changes in directors or executives since 30 June 2018 are disclosed on page 5.

Remuneration Expense Details for the Years ended 2018 and 30 June 2017

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

Table of Benefits and Payments for the Years ended 30 June 2018 and 30 June 2017

	Short-term benefits				**Post**	**Long-term**	**Equity-settled**	
	Salary, Fees and Leave	Profit Share and bonuses	Fringe benefits Tax	Travel Allowances	Pension and superannuation	LSL	Options/Rights	**Total**
FY 2018	$	$	$	$	$	$	$	**$**
Group KMP								
John Diddams **	161,000	-	-	-	-	-	-	161,000
Colin Hughes	120,000	-	-	-	-	-	-	120,000
Kerry (Bob) East ***	25,000	-	-	-	-	-	-	25,000
Anthony Boucaut	250,000	-	13,195	47,670	23,750	-	-	334,615
Anthony Ritter	291,666	60,000	17,402	47,670	27,708	-	-	444,446
Phillip Turner	197,933	10,000		1,400	19,431	-	-	228,764
Steve O'Malley	217,542	-	-	-	20,666	-	-	238,208
Clark Scott	150,839	167,861	17,827	-	-	-	-	336,527
William Beerworth *	166,375	-	-	-	-	-	-	166,375
	1,580,355	237,861	48,424	96,740	99,977	-	-	2,063,357

* Bill Beerworth resigned 30 April 2018.
** For John Diddams, $161,000 includes $36,000 for Company Secretarial services.
*** Kerry (Bob) East commenced 30 April 2018.

	Short-term benefits				**Post Employment**	**Long-term benefits**	**Equity-settled share-based**	
	Salary, Fees and Leave	Profit Share and bonuses	Fringe benefits Tax	Travel Allowances	Pension and superannuation	LSL	Options/Rights	**Total**
FY 2017	$	$		$	$	$	$	**$**
Group KMP								
John Diddams *	161,000	-	-	-	-	-	-	161,000
Colin Hughes	88,654	-	-	-	8,422	-	-	97,076
Anthony Boucaut	250,000	250,000	21,151	17,876	23,750	-	-	562,777
Anthony Ritter	200,000	185,000	18,054	17,876	19,000	-	-	439,930
Phillip Turner **	159,561	10,000	-	1,400	16,108	-	-	187,069
William Beerworth	165,000	-	-	-	-	-	-	165,000
	1,024,215	445,000	39,205	37,152	67,280	-	-	1,612,852

* For John Diddams, $161,000 includes $36,000 for company Secretarial services.
** Phillip Turner commenced on 25 July 2016.

Cash Bonuses, Performance-Related Bonuses and Share-based Payments

There were no share-based payments granted as remuneration during the year.

Bonuses included in the FY2018 table of benefits and payments for Anthony Ritter, Phillip Turner and Clark Scott relate to FY2017 KPI's achieved.

Bonuses included in the FY2017 table of benefits and payments for executive directors above relate to FY2016 bonuses paid to executive directors during FY2017, having achieved FY2016 KPI's set by the Board.

Bonuses included in the FY2017 table of benefits and payments for Phillip Turner relate to FY2017 bonuses paid to Phillip Turner during FY2017, having achieved FY2017 KPI's.

Securities Received that are not Performance Related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

Options Granted to Key Management Personnel

	Opening balance	Granted during the year	Exercised during the year	Closing balance	Date of expiry
William Beerworth (resigned 30 April 2018)	500,000	-	-	500,000	29/01/2025
Anthony Boucaut	3,000,000	-	-	3,000,000	29/01/2025
Anthony Ritter	2,500,000	-	-	2,500,000	29/01/2025
John Diddams	1,500,000	-	-	1,500,000	29/01/2025
Dr. Nigel Finch (Resigned as Director 31 January 2016)	300,000	-	-	300,000	29/01/2025
Timothy Radford (Resigned as Director 9 June 2016)	2,500,000	-	-	2,500,000	29/01/2025
Colin Hughes	-	-	-	-	
Kerry (Bob) East (appointed 30 April 2018)	-			-	
	10,300,000	-	-	10,300,000	

Note 1 The fair value of options granted as remuneration and as shown in the above table above was recognised in accordance with Australian Accounting Standards and was recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting were satisfied.

Note 2 All options have vested, so no further expense is recognised in 2018 (2017: $3,891).

Note 3 There were no options exercised during the year.

KMP Shareholdings

The number of ordinary shares in Experience Co Limited held by each KMP of the Group, including their close family members and entities related to them, at the end of the financial year is as follows:

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year (on market)	Balance at End of Year
John Diddams	3,090,545	-	-	(750,000)	2,340,545
Colin Hughes	-	-	-	-	-
Kerry (Bob) East	-	-	-	-	-
Anthony Boucaut	179,924,273	-	-	16,995	179,941,268
Anthony Ritter	3,383,970	-	-	-	3,383,970
Phillip Turner	-	-	-	20,000	20,000
Steve O'Malley	-	-	-	-	-
Clark Scott	-	-	-	-	-
William Beerworth	-	-	-	-	-
	186,398,788	-	-	(713,005)	185,685,783

Other Equity-related KMP Transactions

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

Loans to KMP

The Group has unsecured loans to Boucaut Enterprises Pty Limited, a related entity associated with Anthony Boucaut for loans totalling $1,588,000 of which the loans expire on 28 February 2021, 30 June 2023 and 5 October 2018, details of which can be found at note 30(c).

	$'000
Balance at beginning of the year	1,453
Loans advanced	362
Loan repayment received	(300)
Interest charged	73
Balance at end of the year	1,588

Further details on all KMP are disclosed at Note 30.

Other transactions with KMP and/or their related parties

There were no other transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm’s length dealings with unrelated persons.

END OF REMUNERATION REPORT

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

Anthony Boucaut	**Anthony Ritter**
Managing Director	*Chief Executive Officer*

Dated: 19 September 2019

RSM Australia Partners

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

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

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Experience Co Limited and controlled entities for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM

RSM AUSTRALIA PARTNERS

GNS

G N SHERWOOD
Partner

Sydney, NSW
Dated: 19 September 2018

Experience Co Limited and Controlled Entities
(formerly Skydive the Beach Group Limited)
ACN: 167 320 470
Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2018

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

The accompanying notes form part of these financial statements.

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

		Consolidated Group	
	Note	**2018** **$000**	2017 $000
ASSETS			
Current assets			
Cash and cash equivalents	11	**7,171**	9,490
Trade and other receivables	12	**8,385**	4,340
Inventories	13	**4,710**	2,525
Current tax asset	22	**317**	-
Other assets	14	**1,979**	3,705
Total current assets		**22,562**	20,060
Non-current assets			
Trade and other receivables	12	**1,803**	1,153
Other financial assets	15	**1,560**	38
Property, plant and equipment	17	**121,539**	70,370
Intangible assets	18	**84,968**	47,959
Total non-current assets		**209,870**	119,520
Total assets		**232,432**	139,580
LIABILITIES			
Current liabilities			
Trade and other payables	19	**9,630**	6,596
Borrowings	21	**3,305**	5,692
Current tax liabilities	22	**-**	1,338
Provisions	23	**2,834**	1,490
Deferred revenue	20	**1,158**	891
Total current liabilities		**16,927**	16,007
Non-current liabilities			
Borrowings	21	**32,230**	23,932
Deferred tax liabilities	22	**2,429**	4,962
Provisions	23	**454**	183
Total non-current liabilities		**35,113**	29,077
Total liabilities		**52,040**	45,084
Net assets		**180,392**	94,496
EQUITY			
Issued capital	24	**168,860**	84,321
Retained earnings		**14,644**	12,208
Reserves	25	**(3,112)**	(2,033)
Total equity		**180,392**	94,496

The accompanying notes form part of these financial statements.

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

	Note	Issued Capital	Retained Earnings	Asset Revaluation Reserve	Common Control Reserve	Share Option Reserve	Foreign Currency Translation Reserve	Total
		$000	$000	$000	$000	$000	$000	$000
Consolidated Group								
Balance at 1 July 2016		65,231	6,689	2,386	(4,171)	13	(101)	70,047
Comprehensive income								
Profit for the year		-	9,482	-	-	-	-	9,482
Other comprehensive income for the year	25	-	-	-	-	-	(165)	(165)
Total comprehensive income for the year		-	9,482	-	-	-	(165)	9,317
Transactions with owners, in their capacity as owners, and other transfers								
Shares issued during the year		20,126	-	-	-	-	-	20,126
Capital raising costs		(1,036)	-	-	-	-	-	(1,036)
Dividends paid during the year	9	-	(3,963)	-	-	-	-	(3,963)
Employee share options issued		-	-	-	-	5	-	5
Total transactions with owners and other transfers		19,090	(3,963)	-	-	5	-	15,132
Balance at 30 June 2017		84,321	12,208	2,386	(4,171)	18	(266)	94,496
Balance at 1 July 2017		**84,321**	**12,208**	**2,386**	**(4,171)**	**18**	**(266)**	**94,496**
Comprehensive income								
Profit for the year		**-**	**6,785**	**-**	**-**	**-**	**-**	**6,785**
Other comprehensive income for the year	25	**-**	**-**	**(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		**86,946**	**-**	**-**	**-**	**-**	**-**	**86,946**
Capital raising costs		**(3,438)**	**-**	**-**	**-**	**-**	**-**	**(3,438)**
Deferred tax on capital raising costs		**1,031**	**-**	**-**	**-**	**-**	**-**	**1,031**
Dividends paid during the year	9	**-**	**(4,349)**	**-**	**-**	**-**	**-**	**(4,349)**
Total transactions with owners and other transfers		**84,539**	**(4,349)**	**-**	**-**	**-**	**-**	**80,190**
Balance at 30 June 2018		**168,860**	**14,644**	**1,382**	**(4,171)**	**18**	**(341)**	**180,392**

The accompanying notes form part of these financial statements.

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

	Note	Consolidated Group 2018 $000	2017 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (GST inclusive)		**149,284**	89,865
Payments to suppliers and employees (GST inclusive)		**(128,044)**	(70,524)
Finance costs		**(1,680)**	(1,255)
Income tax paid		**(4,718)**	(5,446)
Net cash provided by operating activities	27	**14,842**	12,640
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(23,402)**	(18,754)
Purchase of other non-current assets		**(1,500)**	(1,259)
Payments for investments in subsidiaries	16	**(72,448)**	(31,539)
Cash acquired in business acquisitions		**1,770**	845
Net cash used in investing activities		**(95,580)**	(50,707)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**80,947**	20,126
Capital raising costs		**(3,439)**	(1,036)
Proceeds from borrowings		**15,601**	20,791
Repayment of borrowings		**(9,690)**	(1,510)
Dividends paid by parent entity		**(4,349)**	(3,963)
Loans to related parties		**(951)**	(127)
Loan repayments from related parties		**300**	457
Net cash provided by financing activities		**78,419**	34,738
Net decrease in cash held		**(2,319)**	(3,329)
Cash and cash equivalents at beginning of financial year		**9,490**	12,819
Cash and cash equivalents at end of financial year	11	**7,171**	9,490

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of Experience Co Limited and Controlled Entities (the "consolidated group" or "group"). The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements were authorised for issue on 19 September 2018 by the directors of the Company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

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

Historical Cost Convention

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

Critical Accounting Estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 3.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Experience Co Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent company controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 16(a).

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

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

Business Combinations

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

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

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

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

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

Common Control Transaction "Pooling of Interest Method"

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

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

- the assets and liabilities of the combining entities are reflected at their carrying amounts;
- no "new" goodwill or other intangible assets are recognised as a result of the combination; and
- the income statement reflects the results of the combining entities for the full period, irrespective of when the combination took place; and
- the excess of the fair value of the purchase consideration over the carrying value of the assets and liabilities has been recorded as a "common control reserve".

Note 1 Summary of Significant Accounting Policies (continued)

(a) Principles of Consolidation (continued)

Goodwill

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

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

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

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

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

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

Refer to Note 18 for information on the goodwill policy adopted by the Group for acquisitions.

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

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

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

(b) Income Tax

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

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

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

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

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

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

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

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

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

Tax Consolidation - Australia

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

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

Note 1 Summary of Significant Accounting Policies (continued)

(b) Income Tax (continued)

Tax Consolidation - New Zealand

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

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

(c) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable. The group charges an initial administration fee at the time a booking is made, or a gift card is sold. Revenue in respect of this administration fee is recognised at the time the booking is made, and the jump/activity revenue is recognised at the time the jump/activity is performed.

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

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

(d) Borrowing Costs

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

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

(e) Cash and Cash Equivalents

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

(f) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(j) for further discussion on the determination of impairment losses.

(g) Inventories

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

(h) Property, Plant and Equipment

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

Property

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Aircraft

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

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

Note 1 Summary of Significant Accounting Policies (continued)

(h) Property, Plant and Equipment (continued)

All other classes of fixed assets

Recognition and measurement

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

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

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

Subsequent expenditure

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate	Residual Value (%)
Aircraft frames	2.5% - 5%	20-40%
Aircraft engines	Engine hours *	20-40%
Motor vehicles	10.0%	0%
Leasehold improvements	2.5%	0%
Office equipment	25.0%	0%
Plant and equipment	25.0%	0%
Buildings	2.5%	0%
Vessel hulls and fixtures	10-15%	30%
Vessel engines	20.0%	0%
Floating docks	14.5%	30%

* Engine hours vary depending on the type of engine, but useful lives are generally between 3600 to 7000 hours.

Useful lives and residual values are reviewed annually and reassessed having regard to commercial and technological developments, the estimated useful life of assets to the Group.

Maintenance and overhaul costs

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

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

All other maintenance costs are expensed as incurred.

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

(i) Intangibles Other than Goodwill

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

Note 1 Summary of Significant Accounting Policies (continued)

(i) Intangibles Other than Goodwill (continued)

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful lives.

Trade names

Trade names acquired in a business combination are initially measured at their fair value at the date of acquisition and have an indefinite useful life.

Customer relationships

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

Leases and Licences

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

Software

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

(j) Impairment of Assets

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

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

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

(k) Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(l) Trade and Other Payables

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

(m) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

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

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

Note 1 Summary of Significant Accounting Policies (continued)

(m) Employee Benefits (continued)

Defined contribution superannuation benefits

All employees of the Group other than those that receive defined benefit entitlements receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Termination benefits

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

Equity-settled compensation

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

(n) Provisions

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

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

(o) Deferred Revenue

Income relating to future periods is initially recorded as deferred revenue, and is then recognised as revenue at the time the service is rendered. Deferred revenue primarily represents prepaid sales in respect of tandem skydives purchased in advance. Included in all skydiving sales is a $100 (excluding GST) non-refundable administration fee which is recognised at the time the booking is made. The sales excluding the $100 (excluding GST) booking fee are then released into revenue at the time the services are rendered other than breakage which is recognised as per Note 2(h).

(p) Borrowings

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

(q) Leases

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

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

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

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

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

(r) Issued Capital

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

Note 1 Summary of Significant Accounting Policies (continued)

(s) Dividends

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

(t) Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

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

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

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

Group companies

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

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

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

(u) Fair Value of Assets and Liabilities

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

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

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

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

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

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

(v) Financial Instruments

Recognition and Initial Measurement

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

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

Note 1 Summary of Significant Accounting Policies (continued)

(v) Financial Instruments (continued)

Classification and Subsequent Measurement

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

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

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

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

(i) Financial assets at fair value through profit or loss

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

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

(iv) Available-for-sale investments

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

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

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

(v) Financial Liabilities

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

Note 1 Summary of Significant Accounting Policies (continued)

(v) Financial Instruments (continued)

Impairment

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

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

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

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

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

Financial Guarantees

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

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

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

Derecognition

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

(w) Earnings Per Share

Basic earnings per share

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

Diluted earnings per share

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

(x) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the relevant tax authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the relevant tax authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

(y) Operating Segments

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

Note 1 Summary of Significant Accounting Policies (continued)

(z) Comparative Figures

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

(aa) Rounding of Amounts

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

(ab) New Accounting Standards for Application in Future Periods

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

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

  Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments the directors believe it is unlikely the adoption of this standard will have a material impact on the financial statements.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:
  - identify the contract(s) with a customer;
  - identify the performance obligations in the contract(s);
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract(s); and
  - recognise revenue when (or as) the performance obligations are satisfied.

  The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

  The consolidated entity will adopt this standard from 1 July 2018, resulting in an expected decrease in revenue of $478,560, an increase in deferred revenue of $478,560, deferred tax balances to change accordingly.

- *AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).*
  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

  The main changes introduced by the new Standard include:

  - recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
  - depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
  - variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
  - by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
  - additional disclosure requirements.

  The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

  The directors anticipate that the adoption of AASB 16 will impact the Group's financial statements with the effect being the likely inclusion of a right to use asset of approximately $2 million and corresponding liability of a similar amount. There is not expected to be any material impact on the consolidated statement of profit or loss.

Note 2 Critical Accounting Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believe to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(a) Impairment - General

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

The impairment assessment uses forecast pre-tax EBITDA as an approximation of future cash flows which are based on the Group's latest financial forecast. Growth rates of 3% have been factored into valuation models for the next five years on the basis of management's expectations regarding the Group's continued ability to capture market share from competitors. Cash flow growth rates of 3% subsequent to this period have been used as this reflects historical industry averages. The rates used incorporate an allowance for inflation. Pre-tax discount rates of 12.1% have been used in all models.

No impairment has been recognised in respect of goodwill at the end of the reporting period.

(b) Estimation of Useful Lives and Residual Values of Assets

The consolidated entity determines the estimated useful lives, residual values and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. Residual values may also vary depending on market and other economic considerations.

(c) Carrying Value of property, plant and equipment

The Group revalued its aircraft at as at 30 June 2018. Changes in fair value are recognised in the asset revaluation reserve in equity and impairment expenses in profit and loss. The Group engaged an independent valuation specialist to assess the fair value of some of it's aircraft as at 30 June 2018 and some aircraft were valued by management. The valuation methodology was performed on a sight unseen basis using market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the assets. The key assumptions used to determine the fair value of assets are provided in Note 34. The company has acquired a number of additional aircraft and vessels through its numerous business combinations. There is a degree of judgement required in estimating the fair values of assets acquired, and where appropriate, Management engage professional valuers to assist in determining "at acquisition" values.

(d) Income tax

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

(e) Employee benefits provision

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

(f) Business combinations

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

(g) Fair value measurement hierarchy

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

(h) Deferred revenue and breakage

Revenue from the sale of prepaid tandem skydives is recognised when the services are provided, when a gift card has expired, or when the gift card of prepaid jump is no longer expected to be redeemed. The key assumption in measuring the liability for unredeemed gift cards and prepaid bookings is the expected redemption rates by customers, which are reviewed based on historical information. Any reassessment of expected redemption rates in a particular period impacts the revenue recognised. Any foreseeable change in the estimate is unlikely to have a material impact on the financial statements.

Note 3 Parent Information

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

	2018 $000	2017 $000
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	**7,024**	45,531
Non-current Assets	**154,827**	39,007
TOTAL ASSETS	**161,851**	84,538
LIABILITIES		
Current Liabilities	**1,805**	2,120
Non-current Liabilities	**20,190**	14,524
TOTAL LIABILITIES	**21,995**	16,644
EQUITY		
Issued Capital	**167,828**	84,321
Retained earnings	**(28,081)**	(16,536)
Reserves	**109**	109
TOTAL EQUITY	**139,856**	67,894
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total profit	**(6,932)**	(4,791)
Total comprehensive income	**(6,932)**	(4,791)

Guarantees

The Parent entity has entered into financial guarantees with NAB as disclosed at Note 21.

Contingent liabilities

There were no contingent liabilities as at 30 June 2017 or 30 June 2018.

Contractual commitments

There were no contractual commitments as at 30 June 2017 or 30 June 2018.

Note 4 Revenue and Other Income

	Consolidated Group	
	2018	2017
Sales revenue	**$000**	$000
- sale of goods and provision of services	**135,300**	89,566
	135,300	89,566
Other revenue		
- interest received	**135**	170
- other revenue	**1,228**	851
	1,363	1,021
Total revenue	**136,663**	90,587
Interest revenue from:		
- directors (Note 30 (c))	**73**	63
- other persons	**62**	107
Total interest revenue on financial assets not at fair value through profit or loss	**135**	170

Note 5 Profit for the Year

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

Cost of sales	**79,647**	51,469
Interest expense on financial liabilities not at fair value through profit or loss:		
- Unrelated parties	**1,708**	1,074
Total interest expense	**1,708**	1,074
- Other finance costs	**149**	181
Total finance cost	**1,857**	1,255

Note 5 Profit for the Year (continued)

	Consolidated Group	
	2018	2017
	$000	$000
Foreign currency translation gains	**5**	31
Employee benefits expense	**38,947**	21,041
Bad and doubtful debts:		
- trade receivables	**25**	-
Depreciation and amortisation expense	**13,492**	6,165
Impairment of property, plant and equipment	**1,746**	-

Note 6 Tax Expense

	2018	2017
	$000	$000
(a) The components of tax (expense) income comprise:		
Current tax	**4,152**	4,021
Deferred tax (Note 22)	**(173)**	428
Over provision of tax from prior years	**(448)**	(363)
	3,531	4,086
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2017: 30%)	**3,095**	4,070
Add:		
Tax effect of:		
- non-deductible depreciation and amortisation	**11**	259
- non-allowable items	**34**	12
- deductible acquisition costs	**240**	32
- assessable income received in advance	**-**	55
- deductible maintenance costs	**-**	(57)
	3,380	4,371
Less:		
Tax effect of:		
- Over provision of tax from prior years	**(448)**	(685)
- recognition of deferred tax balances	**813**	496
- impact of foreign exchange differences	**(91)**	8
- impact of lower tax rates applicable to New Zealand subsidiaries	**(123)**	(105)
Income tax attributable to entity	**3,531**	4,086
The applicable weighted average effective tax rates are as follows:	**34.2%**	30.1%

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

	2018			2017		
	Before-tax amount	**Tax (expense) benefit**	**Net-of-tax amount**	Before-tax amount	Tax (expense) benefit	Net-of-tax amount
Consolidated Group	**$000**	**$000**	**$000**	$000	$000	$000
Revaluation of property, plant and equipment	**(1,004)**	**-**	**(1,004)**	-	-	-
Exchange differences on translating foreign operations (note 25(d))	**(75)**	**-**	**(75)**	(166)	-	(166)
	(1,079)	**-**	**(1,079)**	(166)	-	(166)

Note 7 Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2018.

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

	2018	2017
	$000	$000
Short-term employee benefits	**1,963**	1,546
Post-employment benefits	**100**	67
Other long term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**-**	-
Total KMP compensation	**2,063**	1,613

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Share-based payments

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

Further information in relation to KMP remuneration can be found in the Director's Remuneration Report.

Note 8 Auditor's Remuneration

	Consolidated Group	
	2018	2017
	$000	$000
Remuneration of the auditor for:		
– auditing or reviewing the financial report	**241**	221
– taxation services	**172**	312
– due diligence services	**282**	147
	694	680

Note 9 Dividends

	2018	2017
	$000	$000
Dividends paid		
On 29 September 2017, a fully franked dividend of $0.01 per share was paid out of retained profits at 30 June 2017	**4,349**	3,963

(a) The Directors have declared a final and fully franked dividend of $0.01 per share, amounting to $5,558,118, payable on 28 September 2018. For the purposes of determining any entitlement to the dividend, the record date has been set as 14 September 2018.

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

	2018	2017
– payment of provision for income tax	**11,102**	4,497
Subsequent to year-end, the franking account would be reduced by the proposed dividend reflected per (a) as follows:	**(2,382)**	(1,864)
	8,720	2,633

(c) Net balance in (b) above excludes franking credits arising from tax payments made subsequent to 30 June 2018.

Note 10 Earnings Per Share

(a)	Earnings used to calculate basic and diluted EPS	**6,785**	9,482
		No.	No.
(b)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**506,008,037**	423,925,384
	Weighted average number of dilutive options outstanding	**10,300,000**	10,300,000
	Weighted average number of dilutive converting preference shares on issue	**-**	-
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**516,308,037**	434,225,384
	Basic earnings per share (cents)	**1.34**	2.24
	Diluted earnings per share (cents)	**1.31**	2.18

Note 11 Cash and Cash Equivalents

Cash at bank and on hand	**7,129**	9,464
Short-term bank deposits	**42**	26
	7,171	9,490

The effective interest rate on short-term bank deposits was 2.4% (2017: 2.5%); these deposits have an average maturity of 365 days.

Reconciliation of cash

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

Cash and cash equivalents	**7,171**	9,490
	7,171	9,490

A floating charge over cash and cash equivalents has been provided for certain debts. Refer to Note 21 for further details.

Note 12 Trade and Other Receivables

	Consolidated Group	
	2018	2017
	$000	$000
CURRENT		
Trade receivables	**5,900**	2,917
Provision for impairment (a)	**(25)**	-
	5,875	2,917
Other receivables and prepayments	**2,210**	1,123
	8,085	4,040
Amounts receivable from related parties		
— director of parent entity (Note 30)	**300**	300
Total current trade and other receivables	**8,385**	4,340
NON-CURRENT		
Loan receivable (b)	**515**	-
Amounts receivable from related parties		
— director of parent entity (Note 30)	**1,288**	1,153
Total non-current trade and other receivables	**1,803**	1,153

(a) **Provision For Impairment of Receivables**

Movement in the provision for impairment of receivables is as follows:

	Opening Balance 1 July 2016	Charge for the Year	Amounts Written Off	Closing Balance 30 June 2017
Consolidated Group	$000	$000	$000	$000
Current trade receivables	3	-	(3)	-
	3	-	(3)	-

	Opening Balance 1 July 2017	**Charge for the Year**	**Amounts Written Off**	**Closing Balance 30 June 2018**
Consolidated Group	**$000**	**$000**	**$000**	**$000**
Current trade receivables	**-**	**25**	**-**	**25**
	-	**25**	**-**	**25**

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

Note 12 Trade and Other Receivables (continued)

Credit risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within Note 33. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled with the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

Consolidated Group	Gross Amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			<30	31-60	61-90	>90	
2018	$000	$000	$000	$000	$000	$000	$000
Trade and term receivables	**5,875**	**(25)**	**1,235**	**659**	**453**	**493**	**3,060**
Other receivables	**2,210**	**-**	**-**	**-**	**-**	**-**	**2,210**
Total	**8,085**	**(25)**	**1,235**	**659**	**453**	**493**	**5,270**

Consolidated Group	Gross Amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			<30	31-60	61-90	>90	
2017	$000	$000	$000	$000	$000	$000	$000
Trade and term receivables	2,917	-	542	165	29	273	1,908
Other receivables	1,123	-	-	-	-	-	1,123
Total	4,040	-	542	165	29	273	3,031

(c) **Amounts Receivable from Related Parties**

Amounts received from related parties represents unsecured loans to Boucaut Enterprises Pty Ltd as trustee for Boucaut Family Trust ("the Borrower"), a related entity associated with Anthony Boucaut (Executive Director), the terms of which have been disclosed in Note 30).

	Consolidated Group	
	2018	2017
(d) **Financial Assets Classified as Loans and Receivables**	**$000**	$000
Trade and other Receivables		
— Total current	**8,385**	4,340
— Total non-current	**1,803**	1,153
Total financial assets classified as loans and receivables (note 33)	**10,188**	5,493

(e) **Collateral Pledged**

A floating charge over trade receivables has been provided for certain debts. Refer to Note 21 for further details.

Note 13 Inventories

CURRENT		
At cost:		
Raw materials, spares and merchandise	**4,710**	2,525

Note 14 Other Assets

CURRENT		
Prepayments	**877**	1,380
Deposits paid for business acquisitions not yet completed	**-**	80
Deposit paid for aircraft not delivered at 30 June 2018	**-**	1,475
Deposit paid for leasehold land and buildings (Stuart Park redevelopment)	**541**	541
Other current assets	**561**	229
	1,979	3,705

Note 15 Other Financial Assets

NON-CURRENT		
Unlisted investments, at fair value		
— shares in other corporations	**27**	38
— unlisted investments (i)	**1,533**	-
Total unlisted investments (Note 33)	**1,560**	38

(i) On 3rd November 2017, Fish for Fish Investments Pty Ltd, a wholly owned subsidiary of Experience Co Limited, acquired a 10% shareholding in Trinity Holdings (Qld) Pty Ltd (ACN 104 494 215) and Trinity Software Australia Pty Ltd (ACN 089 902 643) ("Trinity") at an investment of $1,000,000.
On 30th May 2018, Fish for Fish Investments Pty Ltd, a wholly owned subsidiary of Experience Co Limited, acquired a 5% shareholding in Trinity Holdings (Qld) Pty Ltd (ACN 104 494 215) and Trinity Software Australia Pty Ltd (ACN 089 902 643) ("Trinity") at an investment of $500,000.
Trinity own and operate a booking reservations platform called Respax, a system that all Experience Co products use. In addition to the investment the company has loaned Trinity $500,000 as disclosed in Note 12 (b).

Note 16 Interests in Subsidiaries

(a) Information about Principal Subsidiaries

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

Name of subsidiary	Principal place of business	Ownership interest 2018	Ownership interest 2017
Aircraft Maintenance Centre Pty Ltd	Australia	**100%**	100%
Australia Skydive Pty Ltd	Australia	**100%**	100%
B & B No 2 Pty Ltd	Australia	**100%**	100%
Bill & Ben Investments Pty Ltd	Australia	**100%**	100%
Skydive Holdings Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Airlie Beach Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond BB Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Central Coast Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Great Ocean Road Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Hunter Valley Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Melbourne Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Newcastle Pty Ltd	Australia	**100%**	100%
SBB Trading Pty Ltd (formerly known as Skydive the Beach and Beyond Perth Pty Ltd)	Australia	**100%**	100%
Skydive the Beach and Beyond Sydney Wollongong Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Yarra Valley Pty Ltd	Australia	**100%**	100%
Skydive.com.au Pty Ltd	Australia	**100%**	100%
STBAUS Pty Ltd	Australia	**100%**	100%
Skydive International Holdings Pty Ltd	Australia	**100%**	100%
Skydive Investments Pty Ltd	Australia	**100%**	100%
Experience Co NZ Holdings Limited (formerly Skydive (New Zealand) Limited)	New Zealand	**100%**	100%
Skydive Queenstown Limited	New Zealand	**100%**	100%
Ultimate Adventure Group Ltd (formerly Skydive Glenorchy Limited)	New Zealand	**100%**	100%
Parachute Adventure Queenstown Limited	New Zealand	**100%**	100%
Skydive Wanaka Limited	New Zealand	**100%**	100%
Performance Aviation (New Zealand) Limited	New Zealand	**100%**	100%
Raging Thunder Pty Ltd	Australia	**100%**	100%
Fitzroy Island Ferries Pty Ltd	Australia	**100%**	100%
Fitzroy Island Pty Ltd	Australia	**100%**	100%
Martheno Pty Ltd	Australia	**100%**	100%
Raging Thunder Retail Pty Ltd	Australia	**100%**	100%
White Water Rafting Qld Pty Ltd	Australia	**100%**	100%
Raging Thunder Balloon Adventures Pty Ltd	Australia	**100%**	100%
Rescue Training Group Pty Ltd	Australia	**100%**	100%
ILB Pty Ltd	Australia	**100%**	100%
Reef Magic Cruises Pty Ltd	Australia	**100%**	100%
Byron Bay Ballooning Pty Ltd	Australia	**100%**	0%
Air Vistas Pty Ltd	Australia	**100%**	0%
GBR Helicopters Pty Ltd	Australia	**100%**	0%
GBRH Holdings Pty Ltd	Australia	**100%**	0%
Blue Ocean Productions Pty Ltd	Australia	**100%**	0%
Calypso Reef Charters Pty Ltd	Australia	**100%**	0%
Fish for Fish Investments Pty Ltd	Australia	**100%**	0%
Experience Daintree Pty Ltd	Australia	**100%**	0%
J & J Wallace (Holdings) Pty Ltd	Australia	**100%**	0%
J & J Wallace (Projects) Pty Ltd	Australia	**100%**	0%
J & J Wallace (Tours) Pty Ltd	Australia	**100%**	0%
J & J Wallace (Permits) Pty Ltd	Australia	**100%**	0%

Subsidiary financial information used in the preparation of these consolidated financial statements has also been prepared as at the same reporting date as the Group's financial statements.

(b) Significant Restrictions

Other than banking covenants imposed as per note 21, 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 2018, Experience Co. Limited entered into the following acquisitions:

(i) On 21 July 2017, Experience Co Limited acquired Byron Bay Ballooning Pty Ltd, being a company registered and trading within Australia, for the consideration of $800,000.

	$000
Fair value of purchase consideration:	
Cash	**800**
Assets and liabilities held at acquisition date:	
- Current assets	**6**
- Non-current assets	**52**
- Current liabilities	**(126)**
	(68)
Goodwill and other intangible assets	**868**

Note 16 Interests in Subsidiaries (continued)

(b) **Acquisition of Controlled Entities (continued)**

(ii) On 18 September 2017 Experience Co Limited acquired Air Vistas Pty Ltd (trading as Wine Country Ballooning), being a company registered and trading in Australia, for the consideration of $350,000.

Fair value of purchase consideration:	**$000**
Cash	**350**
Assets and liabilities held at acquisition date:	
- Current assets	**10**
- Non-current assets	**70**
- Current liabilities	**-**
- Non-current liabilities	**(40)**
	40
Goodwill and other intangible assets	**310**

(iii) On 1 November 2017, Experience Co Limited, acquired GBR Helicopters Pty Ltd and GBRH Holdings Pty Ltd, being two companies registered and trading within Australia, for the consideration of $19,600,000.

Fair value of purchase consideration:	**$000**
Cash	**16,600**
Shares issued in Experience Co limited	**1,000**
Deferred Consideration	**2,000**
Working Capital Adjustment	**611**
	20,211
Assets and liabilities held at acquisition date:	
- Current assets	**3,241**
- Non-current assets	**16,487**
- Current liabilities	**(2,648)**
- Non-current liabilities	**(38)**
	17,042
Goodwill and other intangible assets	**3,169**

(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:	**$000**
Cash	**350**
	350
Assets and liabilities held at acquisition date:	
- Non-current assets	**25**
- Current and non-current liabilities	**-**
	25
Goodwill and other intangible assets	**325**

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

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

Note 16 Interests in Subsidiaries (continued)

(c) **Acquisition of Controlled Entities (continued)**

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

Fair value of purchase consideration:	**$000**
Cash	**18,000**
Working Capital Adjustment	**(201)**
	17,799
Assets and liabilities held at acquisition date:	
- Current assets	**1,070**
- Non-current assets	**11,999**
- Current liabilities	**(1,091)**
- Non-current liabilities	**-**
	11,978
Goodwill and other intangible assets	**5,821**
Total consideration paid in relation to business acquisitions	**70,438**

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

Working capital payment - Australia Skydive	**778**
Working capital payment - Reef Magic	**1,232**
Total consideration paid in relation to business acquisitions	**72,448**

During the year ended 30 June 2017, Experience Co. Limited entered into the following acquisitions:

(viii) On 3 October 2016, Skydive (New Zealand) Limited, a wholly-owned subsidiary, acquired Performance Aviation Limited, being a company registered and trading within New Zealand, for the consideration of NZ$500,000.

Fair value of purchase consideration:	$000
Cash	482
Less:	
- Current assets	120
- Non-current assets	68
	188
Goodwill	294

(ix) On 31 October 2016, Experience Co Limited acquired Raging Thunder Adventures, being a company registered and trading within Australia, for the consideration of $15,440,000, including the purchase of loan accounts of $3,300,000.

Fair value of purchase consideration:	$000
Cash	15,440
Loans acquired	(3,300)
	12,140
Assets and liabilities held at acquisition date:	
- Current assets	1,344
- Non-current assets	3,854
- Current liabilities	(2,567)
- Non-current liabilities	(3,300)
	(669)
Goodwill and other intangible assets	12,809

(x) On 1 May 2017, Experience Co Limited acquired Reef Magic Cruises Pty Ltd, being a company registered and trading within Australia, for the consideration of $15,000,000, including the purchase of loan accounts of $1,279,000.

Fair value of purchase consideration:	$000
Cash	15,000
Working Capital and other adjustments	1,493
	16,493
Assets and liabilities held at acquisition date:	
- Current assets	2,551
- Non-current assets	10,547
- Current liabilities	(1,296)
	11,801
Goodwill and other intangible assets	4,692

Note 16 Interests in Subsidiaries (continued)

(c) **Acquisition of Controlled Entities (continued)**

(xi) On 1 May 2017 the Group acquired ILB Pty Ltd, an information technology implementation, maintenance and support business, which has provided services to the Group for more than 10 years. Consideration for the acquisition was $850,000.

Fair value of purchase consideration:	$000
Cash	350
Shares issued (Experience Co Limited)	500
	850
Goodwill and other intangible assets	850

(xii) On 10 February 2017 the Group acquired Rescue Training Group, a marine rescue training business. Consideration for the acquisition was $120,000.

Fair value of purchase consideration:	$000
Cash	120
Goodwill and other intangible assets	120
Total consideration in relation to business acquisitions	41,487
Less deposit for Skydive Wanaka paid in 2016 year (NZ $10.4M, AU$ 9.948M)	9,948
Total cash paid for business acquisitions	31,539

(d) **Business Combinations**

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

	30 June 2018	30 June 2017
Raging Thunder Adventures purchased on 31 October 2016	**12 months**	8 months
Reef Magic Cruises Pty Ltd purchased on 1 May 2017	**12 months**	2 months
Byron Bay Ballooning purchased on 21 July 2017.	**11.5 months**	NIL
Air Vistas Pty Ltd acquired 18 September 2017.	**9.5 months**	NIL
GBR Helicopters Pty Ltd purchased on 01 November 2017	**8 months**	NIL
Blue Ocean Productions Pty Ltd acquired on 28 November 2017.	**7 months**	NIL
Big Cat Green Island Pty Ltd purchased on 13 December 2017	**6.5 months**	NIL
Tropical Journeys (the business) and Calypso Reef Charters Pty Ltd purchased on 19 December 2017	**6 months**	NIL

The primary rationale for all acquisitions was to expand the company's market share and to become the leading adventure tourism business in the global marketplace. The acquisitions in Cairns provide an opportunity to leverage the geographical concentration of tourists in North Queensland and to become one of the leading tourist operators in the region. Additional synergies are expected around the cost reduction in marketing, administration and corporate costs for the Group.

Note 17 Property, Plant and Equipment

	Consolidated Group	
	2018	2017
	$000	$000
LAND AND BUILDINGS		
Freehold land at:		
At cost	**3,781**	646
Total land	**3,781**	646
Buildings at:		
At cost	**5,315**	3,542
Accumulated depreciation	**(181)**	(70)
Total buildings	**5,134**	3,473
Total land and buildings	**8,915**	4,119
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	**11,342**	9,647
Accumulated depreciation	**(3,621)**	(2,305)
	7,721	7,342
Leasehold improvements		
At cost	**4,434**	1,986
Accumulated amortisation	**(890)**	(616)
	3,544	1,370
Aircraft:		
At revalued amounts and cost	**64,628**	48,773
Accumulated depreciation	**(2,713)**	(5,667)
	61,915	43,105
Motor vehicles:		
At cost	**6,403**	4,019
Accumulated depreciation	**(1,571)**	(900)
	4,832	3,119
Office equipment:		
At cost	**1,463**	1,179
Accumulated depreciation	**(920)**	(648)
	543	531
Vessels:		
At cost	**34,506**	9,285
Accumulated depreciation	**(2,111)**	(134)
	32,395	9,151
Floating Docks:		
At cost	**1,838**	1,656
Accumulated depreciation	**(164)**	(22)
	1,674	1,633
Total plant and equipment	**112,624**	66,251
Total property, plant and equipment	**121,539**	70,370

* The Group's aircraft assets were revalued at 30 June 2018. Refer to Note 34 for detailed disclosures regarding the fair value measurement of the Group's assets. The aircraft were valued by independent valuers and management depending on the age, type, and condition of the aircraft.

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

Note 17 Property, Plant and Equipment (continued)

(a) **Movements in Carrying Amounts**

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

	Land	Buildings	Plant & Equipment	Leasehold Improvements	Aircraft	Motor Vehicles	Office Equipment	Vessels	Floating Docks	Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Consolidated Group:										
Balance at 1 July 2016	340	835	4,859	675	31,256	1,312	226	-	-	39,503
Acquisitions through business combinations	-	2,315	1,735	881	1,810	123	54	8,922	1,655	17,495
Additions	306	377	2,081	76	12,744	2,054	408	342	-	18,388
Revaluation increment	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(68)	-	-	-	-	-	-	(68)
Depreciation expense	-	(57)	(1,264)	(260)	(2,705)	(370)	(157)	(113)	(22)	(4,948)
Transfers between asset classes	-	2	-	(2)	-	-	-	-	-	-
Balance at 30 June 2017	646	3,473	7,342	1,370	43,105	3,119	531	9,151	1,633	70,370
Acquisitions through business combinations	**950**	**965**	**861**	**642**	**14,374**	**482**	**102**	**22,235**	**51**	**40,662**
Additions	**2,185**	**808**	**1,880**	**1,806**	**13,948**	**1,431**	**182**	**2,414**	**131**	**24,785**
Impairment	**-**	**-**	**-**	**-**	**(1,746)**	**-**	**-**	**-**	**-**	**(1,746)**
Revaluation decrement	**-**	**-**	**-**	**-**	**(2,385)**	**-**	**-**	**-**	**-**	**(2,385)**
Disposals	**-**	**-**	**(3)**	**-**	**-**	**-**	**-**	**-**	**-**	**(3)**
Depreciation expense	**-**	**(112)**	**(1,316)**	**(274)**	**(5,381)**	**(671)**	**(272)**	**(1,977)**	**(141)**	**(10,144)**
Transfers between asset classes	**-**	**-**	**(1,043)**	**-**	**-**	**471**	**-**	**572**	**-**	**-**
Balance at 30 June 2018	**3,781**	**5,134**	**7,721**	**3,544**	**61,915**	**4,832**	**543**	**32,395**	**1,674**	**121,539**

(b) **Historical Cost**

	Consolidated Group	
	2018	2017
	$000	$000
If aircraft were carried at historical cost, the estimated carrying amounts would be as follows:		
Cost	**61,729**	47,781
Accumulated depreciation	**(35,214)**	(29,833)
Net book value	**26,515**	17,948

The Group's aircraft were revalued at 30 June 2018 by independent valuers and management. Valuations were made using the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date. Refer to Note 34 for further information.

Note 18 Intangible Assets

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

Note 18 Intangible Assets (continued)

Consolidated Group:

	Goodwill	Trademarks	Computer Software	Customer Relationships and other	Leases & Licences	Total
	$000	$000	$000	$000		$000
Balance at 1 July 2016	7,911	5,344	322	4,419	-	17,996
Assets acquired in business combinations	10,917	5,428	388	8,317	6,131	31,181
Transfers between asset classes	-	(967)	-	967	-	-
Amortisation charge	-	-	(342)	(678)	(198)	(1,217)
Balance at 30 June 2017	18,828	9,805	368	13,025	5,933	47,959
Assets acquired in business combinations	**17,473**	**4,565**	**-**	**13,257**	**4,928**	**40,223**
Additions	**-**	**-**	**134**	**-**	**-**	**134**
Amortisation charge	**-**	**-**	**(184)**	**(1,858)**	**(1,306)**	**(3,348)**
Closing value at 30 June 2018	**36,301**	**14,370**	**318**	**24,424**	**9,555**	**84,968**

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.

Impairment disclosures

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

	2018	2017
	$000	$000
Australia Skydiving operations	**5,937**	4,760
New Zealand Skydiving operations	**8,208**	8,208
Other Adventure Experiences operations	**22,156**	5,860
Total	**36,301**	18,828

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period with the period extending beyond 2 years extrapolated using an estimated growth rate. The cash flows are discounted using a pre-tax rate of 12.1%.

The following key assumptions were used in the value-in-use calculations:

	Growth Rate			
	Year 1-2	Year 3-5	Terminal	Discount Rate
Australia Skydiving operations	3%	3%	3%	12.1%
New Zealand Skydiving operations	3%	3%	3%	12.1%
Other Adventure Experiences operations	3%	3%	3%	12.1%

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

Note 19 Trade and Other Payables

	Consolidated Group	
	2018	2017
	$000	$000
CURRENT		
Unsecured liabilities		
Trade payables	**4,147**	3,390
Sundry payables and accrued expenses	**5,483**	3,206
	9,630	6,596
(a) Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
— Total current	**9,630**	6,596
— Total non-current	**-**	-
Financial liabilities as trade and other payables (Note 33)	**9,630**	6,596

Note 20 Deferred Revenue

Income received in advance	**1,158**	891

Note 21 Borrowings

	Consolidated Group	
	2018	2017
	$000	$000
CURRENT		
Secured liabilities		
Bank loans	**263**	86
Finance lease liabilities	**3,042**	3,400
Vendor finance loan	**-**	2,204
Total current borrowings	**3,305**	5,692
NON-CURRENT		
Secured liabilities		
Bank loans	**18,004**	15,137
Finance lease liabilities	**14,226**	8,795
Vendor finance loan	**-**	-
Total non-current borrowings	**32,230**	23,932
Total borrowings (Note 33)	**35,535**	29,624

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

Bank loan	**18,267**	15,224
Finance lease liabilities	**17,268**	12,196
Vendor finance loan	**-**	2,204
	35,535	29,624

(b) **Collateral provided**

In May 2017, the Group entered into a Facility Agreement with National Australia Bank Limited (NAB).

NAB has made available to the Group the following facilities:

- $20,000,000 Cash Advance Facility
- $20,000,000 Master Asset Finance Facility
- $240,000 Bank Guarantee Facility
- $500,000 Business Card 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 2018 $18,000,000 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%. The Cash Advance Facility of $20,000,000 expires on 20 May 2020. Interest 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:

	Consolidated Group	
	2018	2017
	$000	$000
Cash and cash equivalents (Note 11)	**7,171**	9,490
Trade receivables (Note 12)	**5,875**	2,917
Total financial assets pledged	**13,046**	12,407

Note 22 Tax

	Consolidated Group	
	2018	2017
	$000	$000
CURRENT		
Income tax receivable / (payable)	**317**	(1,338)
	317	(1,338)

NON-CURRENT	Opening Balance	Acquired in business acquisitions	Charged to Income	Charged directly to Equity	Closing Balance
Consolidated Group	$000	$000	$000	$000	$000
Deferred tax liabilities					
Property, plant and equipment	1,501	-	1,219		2,720
Intangible assets	(94)	3,740	(31)	(138)	3,477
Provisions	(185)	-	(423)	-	(608)
Capital raising costs	(358)	-	(180)	-	(538)
Future income tax benefits attributable to tax losses	-	-		-	-
Other	(71)	-	(18)	-	(89)
Balance at 30 June 2017	1,930	-	(1,334)	197	4,962
Property, plant and equipment	**2,720**	**-**	**(642)**	**(1,382)**	**696**
Intangible assets	**3,477**	**53**	**546**	**-**	**4,076**
Provisions	**(608)**	**-**	**(617)**	**-**	**(1,225)**
Capital raising costs	**(538)**	**-**	**673**	**(1,032)**	**(897)**
Other	**(89)**	**-**	**(132)**	**-**	**(221)**
Balance at 30 June 2018	**4,962**	**53**	**(172)**	**(2,414)**	**2,429**

Note 23 Provisions

	Consolidated Group	
	2018	2017
CURRENT	**$000**	$000
Employee Benefits		
Opening balance	**1,490**	606
Amounts acquired in business combinations	**674**	535
Additional provisions	**1,503**	1,385
Amounts used	**(833)**	(1,036)
Closing Balance	**2,834**	1,490
NON CURRENT		
Employee Benefits		
Opening balance	**183**	74
Amounts acquired in business combinations	**78**	59
Additional provisions	**197**	50
Amounts used	**(4)**	-
Closing Balance	**454**	183

Analysis of Total Provisions

Current	**2,834**	1,490
Non-current	**454**	183
	3,288	1,673

Provision for Employee Benefits
Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

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

Employee benefits obligation expected to be settled after 12 months	**1,002**	**148**

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

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

Note 24 Issued Capital

	Consolidated Group	
	2018	2017
	$000	$000
555,811,840 (June 2017: 434,877,669) fully paid ordinary shares	**168,860**	84,321

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

(a) **Ordinary Shares**	Consolidated Group		Consolidated Group	
	2018	2017	**2018**	2017
	$ 000's	$ 000's	**No.**	No.
At the beginning of the reporting period	**84,321**	65,231	**434,877,669**	396,301,350
Shares issued				
— 6 October 2016	**-**	18,982	**-**	36,504,054
— 20 October 2016	**-**	644	**-**	1,238,932
— 29 May 2017	**-**	500	**-**	833,333
— 10 October 2017	**20,001**	-	**30,304,000**	-
— 3 November 2017	**1,000**	-	**1,515,152**	-
— 13 December 2017	**57,056**	-	**77,102,361**	-
— 14 December 2017	**3,889**	-	**5,255,901**	-
— 29 December 2017 *	**5,000**	-	**6,756,757**	-
— Capital raising costs	**(2,407)**	(1,036)	**-**	-
At the end of the reporting period	**168,860**	84,321	**555,811,840**	434,877,669

Ordinary shareholders participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

* 6,756,757 fully paid ordinary shares are restricted and will remain unquoted until 14 December 2018.

(b) **Options**

(i) For information relating to the Experience Co Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end. Refer to Note 26: Share-based Payments.

(ii) For information relating to share options issued to key management personnel during the financial year. Refer to Note 26: Share-based Payments.

(c) **Capital Management**

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

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

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

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

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

		Consolidated Group	
		2018	2017
	Note	**$000**	$000
Total borrowings	21	**35,535**	29,624
Less cash and cash equivalents	11	**(7,171)**	(9,490)
Net debt		**28,364**	20,134
Total equity		**180,392**	94,496
Total capital		**208,756**	114,630
Gearing ratio		13.6%	17.6%

Note 25 Reserves

a. **Asset Revaluation Reserve**

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

b. **Option Reserve**

The option reserve records items recognised as expenses on valuation of employee share options.

c. **Common Control Reserve**

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

Information in the financial statements for the periods prior to the combination under common control is not restated to reflect the results of the Group prior to the date.

Note 25 Reserves (continued)

Below is a summary of the carrying value of assets and liabilities as at 30 June 2014 that were transferred to Experience Co Limited:

	$000
Current assets	3,319
Non-current assets	10,914
Total assets	14,233
Current liabilities	4,329
Non-current liabilities	5,737
Total liabilities	10,066
Carrying value of net assets acquired in group reorganisation	4,167
Fair value of purchase consideration	(8,338)
Common control reserve	(4,171)

d. **Foreign Currency Translation Reserve**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

e. **Analysis of items of other comprehensive income by each class of reserve**

	Consolidated Group	
	2018	2017
	$000	$000
Asset Revaluation Reserve		
Opening balance	**2,386**	2,386
Revaluation loss on property, plant and equipment	**(1,004)**	-
	1,382	2,386
Option Reserve		
Opening balance	**18**	13
Amount recognised in income statement for the year	**-**	5
	18	18
Common Control Reserve		
Opening balance	**(4,171)**	(4,171)
Amount acquired during the year	**-**	-
	(4,171)	(4,171)
Foreign currency translation reserve		
Opening balance	**(266)**	(101)
Exchange differences on translation of foreign operations	**(75)**	(165)
	(341)	(266)
Total reserves	**(3,112)**	(2,033)

Note 26 Share-based Payments

(i) In 2015, a total of 10,300,000 share options were granted to directors under the STB Share Option Plan to take up ordinary shares at an exercise price of $0.25 each. One third of the remaining 8,000,000 options granted to executive directors vested on 29 January 2018. All options are exercisable on vesting. The last date for exercise is 29 January 2025. The options hold no voting or dividend rights and are not transferable.

(ii) The company established the STB Share Option Plan in February 2015 as a long term incentive scheme to attract, reward, retain and incentivise eligible participants for contributions to the performance and success of the STB group. Invitations to participate in the plan are made at the Board's discretion and may be subject to specific terms and conditions as the Board deems appropriate. Vesting periods are set by the Board and are to be specified in the initial invitation to participate in the plan. The options carry no entitlements to voting rights or dividends of the Group. The number available to be granted is determined by the Board and is based on performance measures determined appropriate by the Board. Any unvested options will lapse at the earliest of 10 years or otherwise specified in the invitation.

(iii) Options granted to key management personnel have been disclosed in the remuneration report.

Options are forfeited 60 days after the holder ceases to be employed by the Group, unless the Board determines otherwise (this is usually only in the case of redundancy, death or disablement).

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

	Consolidated Group
	Number
Opening balance at 1 July 2016	10,300,000
Granted	-
Balance at 30 June 2017	10,300,000
Granted	-
Balance at 30 June 2018	**10,300,000**

Note 26 Share-based Payments (continued)

	Consolidated Group
	Number
Options exercisable as at 30 June 2018:	10,300,000
Options exercisable as at 30 June 2017:	7,633,332
Weighted average exercise price:	$0.25
Weighted average life of the option:	5 years
Expected share price volatility:	30%
Risk-free interest rate:	2.01%

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

(iv) There were no shares or options granted to key management personnel as share based payments during the year.

Included under finance costs in the statement of profit or loss and other comprehensive income is $nil (2017: $3,891) which relates to the amortisation of options issued.

Note 27 Cash Flow Information

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

Note 28 Capital and Leasing Commitments

		Consolidated Group	
		2018	2017
		$000	$000
(a) Finance Lease Commitments			
Payable — minimum lease payments			
— not later than 12 months		**3,895**	3,954
— between 12 months and five years		**15,809**	9,758
— later than five years		**-**	-
Minimum lease payments		**19,704**	13,712
Less future finance charges		**(2,436)**	(1,516)
Present value of minimum lease payments	21	**17,268**	12,196

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

	Consolidated Group	
(b) Operating Lease Commitments	**2018**	2017
Non-cancellable operating leases contracted for but not recognised in the financial statements	**$000**	$000
Payable — minimum lease payments		
— not later than 12 months	**832**	1,154
— between 12 months and five years	**1,011**	1,133
— later than five years	**31**	230
	1,874	2,517

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

(c) **Capital Expenditure Commitments**

There were no capital expenditure commitments as at 30 June 2017 or 30 June 2018.

Note 29 Operating Segments

Segment information

Identification of reportable segments

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

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

The Group has identified the following reportable operational segments:

- Skydive Operations
- Other Adventure Experiences

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

(i) **Segment performance**

30 June 2018	**Skydiving** $000	**Other Adventure Experiences** $000	**Intersegment eliminations / unallocated** $000	**Total** $000
Revenue				
Sales Revenue	**81,380**	**53,920**	**-**	**135,300**
Inter-segment sales	**-**	**-**	**-**	**-**
Total sales revenue	**81,380**	**53,920**	**-**	**135,300**
Other income	**238**	**1,011**	**114**	**1,363**
Total revenue	**81,618**	**54,931**	**114**	**136,663**
EBITDAI *	**24,787**	**12,358**	**-**	**37,145**
Depreciation and amortisation	**(6,171)**	**(6,952)**	**-**	**(13,123)**
Impairment	**(1,746)**	**-**	**-**	**(1,746)**
Finance costs	**(894)**	**(11)**	**-**	**(905)**
Net profit before tax (before shared services costs)	**15,976**	**5,395**	**-**	**21,371**
Unallocated items:				
Shared services costs				**(11,055)**
Net profit before tax				**10,316**

Note 29 Operating Segments (continued)

30 June 2017	Skydiving $000	Other Adventure Experiences $000	Intersegment eliminations / unallocated $000	Total $000
Revenue				
Sales Revenue	78,207	11,359	-	89,566
Inter-segment sales	-	-	-	-
Total sales revenue	78,207	11,359	-	89,566
Other income	811	-	210	1,021
Total revenue	79,018	11,359	210	90,587
EBITDAI	27,727	1,709	-	29,436
Depreciation and amortisation	(5,246)	(727)	-	(5,973)
Finance costs	(543)	(27)	-	(570)
Net profit before tax (before shared services costs)	21,938	955	-	22,893
Unallocated items:				
Shared services costs				(9,325)
Net profit before tax				13,568

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

* EBITDAI is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDAI to reflect the core earnings of the consolidated entity. This figure is calculated before shared services costs which cannot be allocated to a specific segment.

(ii) **Segment assets**

	Skydiving $000	Other Adventure Experiences $000	Total $000
30 June 2018			
Segment assets	**209,019**	**23,413**	**232,432**
30 June 2017			
Segment assets	129,716	9,864	139,580

(iii) **Segment liabilities**

30 June 2018			
Segment liabilities	**38,302**	**13,738**	**52,040**
30 June 2017			
Segment liabilities	37,966	7,118	45,084

Identification of geographical segments

General Information

Identification of reportable segments

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

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

Basis of accounting for purposes of reporting by operating segments

(a) **Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

(b) **Intersegment transactions**

Corporate charges are allocated to reporting segments based on the segment's overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

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. This policy represents a departure from that applied to the statutory financial statements.

(c) **Segment assets**

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.

Note 29 Operating Segments (continued)

(d) **Segment liabilities**

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.

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

(i) **Segment performance**

	Australia	New Zealand	Total
30 June 2018	**$000**	**$000**	**$000**
Revenue			
Sales to external customers	**106,207**	**29,093**	**135,300**
30 June 2017			
Revenue			
Sales to external customers	62,972	26,594	89,566

(ii) **Non Current Segment Assets**

	Australia	New Zealand	Total
30 June 2018	**$000**	**$000**	**$000**
Non Current Segment assets	**184,149**	**25,721**	**209,870**
30 June 2017			
Non Current Segment assets	91,889	27,631	119,520

Note 30 Related Party Transactions

Related Parties

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

i. **Entities exercising control over the Group:**

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

ii. **Key Management Personnel:**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 7.

iii. **Other Related Parties**

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

(b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Consolidated Group	
	2018	2017
	$000	$000
Key Management Personnel		
Property lease payments and utility costs to IGMAITB Pty Ltd, as trustee for ('atf') IGMAITB Discretionary Trust, being an entity controlled by Anthony Boucaut (Managing Director), for the property located at 3453 Spencers Brook Rd, York WA Property lease payments and utility costs to Mornington Waters atf Jaspers Brush Property Trust, being an entity controlled by Anthony Boucaut (Managing Director), for the property located at Lot1, DP813335, Swamp Rd, Jaspers Brush, NSW Property lease payments and utility costs to IGMAITB Pty Ltd atf IGMAITB Discretionary Trust, being an entity controlled by Anthony Boucaut (Managing Director), for the property located at Belmont Airport, NSW Property lease payments and utility costs to IGMAITB Pty Ltd atf IGMAITB Discretionary Trust, being an entity controlled by Anthony Boucaut (Managing Director), for the property located at 12 Air Whitsunday Rd, Flametree QLD Property lease payments and utility costs to Illawarra Hangar Pty Ltd atf Illawarra Hangar Unit Trust, being an entity controlled by Anthony Boucaut (Managing Director), for the property located at Hangar 5, 32 Airport Rd, Albion Park		
Total lease payments for the above properties	**453**	400
During the year, Companies associated with Executive Director Anthony Boucaut charged the Company a fee for historical guarantees provided on behalf of Experience Co Limited. Since listing on the ASX the charge was 1.5% of total debt funding that the company had in place for which Anthony Boucaut stood as guarantor.	**76**	306
Property lease payments to Celeste Ritter, being a related party to Anthony Ritter (Chief Executive Officer), for the property located at 3/15 Melbourne Street, Queenstown, NZ	**72**	54

Note 30 Related Party Transactions (continued)

(c) Amounts outstanding from related parties

Trade and Other Receivables

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

Loans to Key Management Personnel		
Beginning of the year	**1,453**	1,783
Loans advanced	**362**	64
Net advances/repayments	**(300)**	(457)
Interest charged	**73**	63
End of the year	**1,588**	1,453

Part of the loan balance above represents an unsecured loan to Boucaut Enterprises Pty Limited as trustee for Boucaut Family Trust ('the Borrower'), a related entity, associated with Anthony Boucaut (Executive Director). The original loan agreements $1,200,000 ("First Loan Agreement") and $840,000 ("Second Loan Agreement") expire, on 28 February 2021 and 30 June 2023 respectively and as at 30 June 2018 bears interest at 5.25% (being 2% per annum over the Reserve Bank of Australia's cash rate at that time).

Persuant to the First Loan Agreement and the Second Loan Agreement, the Borrower must pay to the Lender a minimum aggregate amount of $300,000 per annum (or such lesser amount as represents the then total amount of the Principal outstanding and outstanding accrued interest), on the anniversary of the loans each year until the expiry dates. In the event that Anthony Boucaut ceases to control or Boucaut Enterprises Pty Limited ceases to be the trustee of the Boucaut Family Trust the outstanding amount actually or contingently owing as at that date shall become immediately due and payable to the lender and the obligations of the lender under this document shall terminate. The Company has entered into a third loan agreement, with the Borrower ("Third Loan Agreement") for the sum of $450,000, of which $135,000 is outstanding at balance date, on substantly the same terms as set out above, provided the repayment in full of that amount is required by 5 October 2018. To support this repayment obligation the Borrower had provided a direction to the Company to deduct any outstanding amount over the Third Loan Agreement from any dividend payment the Company may make to the Borrower and, further, timely repayment is guaranteed personally by Anthony Boucaut.

Note 31 Events After the Reporting Period

No matters or circumstances has arisen since 30 June 2018 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 32 Contingent Liabilities and Contingent Assets

The Group has no contingent assets or contingent liabilities at 30 June 2018.

Note 33 Financial Risk Management

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

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

		Consolidated Group	
		2018	2017
		$000	$000
Financial Assets			
Cash and cash equivalents (Note 11)		**7,171**	9,490
Loans and receivables (Note 12 (c))		**10,188**	5,493
Other financial assets			
— at cost			
— shares in other corporations (Note 15)		**27**	38
— unlisted investments (Note 15)		**1,533**	-
Total other financial assets		**1,560**	38
Total Financial Assets		**18,919**	15,021
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	19	**9,630**	6,596
— Borrowings	21	**35,535**	29,624
Total Financial Liabilities		**45,165**	36,220

Financial Risk Management Policies

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

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

Specific Financial Risk Exposures and Management

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

Note 33 Financial Risk Management (continued)

a. Credit risk

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

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

Credit Risk Exposures

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

There is no collateral held by the Group securing receivables.

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

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

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

	Consolidated Group	
	2018	2017
	$000	$000
Cash and cash equivalents		
- AA Rated	**7,129**	9,464
Held-to-maturity securities		
- AA Rated	**42**	26
	7,171	9,490

b. Liquidity risk

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

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

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

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

Financial liability and financial asset maturity analysis

	Within 1 Year		**1 to 5 years**		**Over 5 years**		**Total**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
Consolidated Group	**$000**	$000	**$000**	$000	**$000**	$000	**$000**	$000
Financial liabilities due for payment								
Bank loans	**263**	86	**18,004**	15,137	**-**	-	**18,267**	15,223
Trade and other payables	**9,630**	6,596	**-**	-	**-**	-	**9,630**	6,596
Finance lease liabilities	**3,042**	3,400	**14,226**	8,795	**-**	-	**17,268**	12,195
Vendor finance loan	**-**	2,204	**-**	-	**-**	-	**-**	2,204
Total expected outflows	**12,935**	12,286	**32,230**	23,932	**-**	-	**45,165**	36,218

	Within 1 Year		**1 to 5 years**		**Over 5 years**		**Total**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
Consolidated Group	**$000**	$000	**$000**	$000	**$000**	$000	**$000**	$000
Financial Assets - cash flows realisable								
Cash and cash equivalents	**7,171**	9,490	**-**	-	**-**	-	**7,171**	9,490
Trade and other receivables	**8,085**	4,040	**-**	-	**-**	-	**8,085**	4,040
Amounts receivable from related parties	**300**	300	**1,288**	1,153	**-**	-	**1,588**	1,453
Total anticipated inflows	**15,556**	13,830	**1,288**	1,153	**-**	-	**16,844**	14,983
Net (outflow) / inflow on financial instruments	**2,621**	1,544	**(30,942)**	(22,779)	**-**	-	**(28,321)**	(21,235)

Note 33 Financial Risk Management (continued)

Financial assets pledged as collateral

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts. Refer to Note 21(b) for further details.

c. Market Risk

i. *Interest rate risk*

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

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2018 approximately 45% (2017: 48%) of group debt is fixed.

ii. *Foreign exchange risk*

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

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

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

Sensitivity Analysis

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

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

	Consolidated Group
	Profit
Year ended 30 June 2018	**$000**
+/- 2% in interest rates	**177**
+/- 2% in $A/$NZ	**124**
Year ended 30 June 2017	
+/- 2% in interest rates	149
+/- 2% in $A/$NZ	118

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

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Refer to Note 34 for detailed disclosures regarding the fair value measurement of the group's financial assets and financial liabilities.

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

		2018		**2017**	
	Note	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Consolidated Group		**$000**	**$000**	$000	$000
Financial assets					
Cash and cash equivalents	11	**7,171**	**7,171**	9,490	9,490
Trade and other receivables:					
- related parties - loans and advances	12	**1,588**	**1,588**	1,453	1,453
- unrelated parties - trade and term receivables	12	**8,600**	**8,600**	4,040	4,040
Total trade and other receivables	12	**10,188**	**10,188**	5,493	5,493
Other financial assets:					
- at cost:					
- unlisted investments	15	**1,560**	**1,560**	38	38
Total other financial assets		**1,560**	**1,560**	38	38
Total financial assets		**18,919**	**18,919**	15,021	15,021
Financial liabilities					
Trade and other payables	19	**9,630**	**9,630**	6,596	6,596
Vendor finance loan	21	**-**	**-**	2,204	2,204
Bank debt	21	**18,268**	**18,268**	15,224	15,224
Total financial liabilities		**27,898**	**27,898**	24,024	24,024

Note 34 Fair Value Measurements

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

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

(a) *Fair value hierarchy*

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

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

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.

		30 June 2018			
		Level 1	**Level 2**	**Level 3**	**Total**
	Note	**$000**	**$000**	**$000**	**$000**
Financial assets					
Unlisted investments	15	**-**	**-**	**1,533**	**1,533**
Recurring fair value measurements					
Non-financial assets					
Aircraft	17	**-**	**-**	**61,915**	**61,915**
Total financial and non-financial assets recognised at fair value		**-**	**-**	**63,448**	**63,448**

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

Description	**Fair Value ($) at 30 June 2018**	Valuation technique(s)	Inputs used
Financial and Non-financial assets			
Unlisted investments	1,533	Cost approach	Unlisted investments have been valued using a discounted cash flow model
Aircraft	61,915	Market approach using recent observable market data for similar assets	Make and model of aircraft frame, engines and other key components, maintenance status, damage history

The fair value of aircraft equipment is expected to be determined at least every three years based on valuations by an independent valuer, with the last revaluation being 30 June 2018. At the end of each intervening period, the directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data.

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

Note 34 Fair Value Measurements (continued)

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

Level 3 assets and liabilities

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

	Aircraft	Unlisted investments	Total
	$000	$000	$000
Balance at 1 July 2016	31,256	-	31,256
Additions	14,554	-	14,554
Loss recognised in profit or loss	(2,705)	-	(2,705)
Balance at 30 June 2017	43,105	-	43,105
Additions	**28,322**	**1,533**	**29,855**
Loss recognised in other comprehensive income	**(1,746)**	**-**	**(1,746)**
Loss recognised in profit or loss	**(7,766)**	**-**	**(7,766)**
Balance at 30 June 2018	**61,915**	**1,533**	**63,448**

Note 35 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

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

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

(a) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and

(i) give a true and fair view of the financial position and performance of the consolidated entity; and
(ii) comply with Australian Accounting Standards, including the Interpretations and Corporations Regulations 2001;

(b) the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1;

(c) the directors have been given the declarations required by s.295A of the Corporations Act 2001: and

(d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors:

Anthony Boucaut
Managing Director

Anthony Ritter
Chief Executive Officer

Dated: 19 September 2018

RSM Australia Partners

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

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

www.rsm.com.au

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

Opinion

We have audited the financial report of Experience Co Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

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

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed this matter
Acquisitions Refer to Note 16 in the financial statements	
During 2018 financial year the group completed various acquisitions as follows: • GBR Helicopters - completed on 1 November 2017 for $19,600,000 • Big Cat Green Island Cruises - completed on 13 December 2017 for $38,070,000 • Tropical Journeys - completed on 19 December 2017 for $18,000,000 • Various other smaller acquisitions The acquisition resulted in additions to goodwill and other intangible assets of $40,223,000. This was considered a key audit matter because the accounting for the transaction is complex and involves significant judgments in applying the accounting standards. These include the determination of whether the acquired entities were businesses in accordance with AASB 3 Business Combinations, the identification and valuation of intangible assets, and the determination of the fair value of the tangible assets acquired.	Our audit procedures in relation to accounting for the acquisitions included the following: • Reviewing the various Sale and Purchase Agreements in order to obtain an understanding of the transaction and the related accounting considerations. • Obtaining the Due Diligence reports obtained by the Board in relation to the transaction to identify any potential asset impairments, unrecorded liabilities, or any other unusual risks that may have been associated with the transactions could impact on the accounting for the transactions or the related disclosures. • Critically evaluating the key assumptions used by management in determining the proposed accounting treatment having consideration of the various related documents and agreements as well as the requirements of the Australian Accounting Standards. • Obtaining the valuation reports and related clients models provided to support the fair values of the assets and liabilities acquired as part of the transactions and testing the reasonableness of the assumptions and inputs used as well as testing the appropriateness of the valuation methodology applied. • Reviewed the work performed by management’s experts with regard to the valuation reports in respect of the tangible and intangible assets identified in each of the acquisitions having consideration of the requirements of ASA 500, Audit Evidence, which establishes mandatory requirements and provides application and explanatory material on using the work of a management's expert as audit evidence. • Reviewing and evaluating the appropriateness of the related financial statement disclosures.

Goodwill and Other Intangible Assets Refer to Note 18 in the financial statements	
The acquisitions described above have resulted in an increased balance of goodwill and other intangible assets being held, which are now carried at $84,968,000. Goodwill and Trade Names have an indefinite useful economic life. Therefore, they are not amortised, but are subject to annual testing for impairment in accordance with AASB 136 *Impairment.* We determined this area to be a key audit matter due to the size of the intangible assets balance, and because the directors' assessment of the 'value in use' of each cash generating unit ('CGU') involves judgements about the future underlying cash flows of the business and the discount rates applied to them. For the year ended 30 June 2018 management have performed an impairment assessment over the goodwill balance by: • Determining that the entity has 3 CGUs, and allocating goodwill across the three CGUs • Calculating the value in use for each CGU using a discounted cash flow model. These models used cash flows (revenues, expenses and capital expenditure) for the CGU for five years, with a terminal growth rate applied to the fifth year. These cash flows were then discounted to net present value using the Company's weighted average cost of capital (WACC); and • Comparing the resulting value in use of each CGU to their respective book values. Management also performed a sensitivity analysis over the value in use calculation, by varying the assumptions used (growth rates, terminal growth rate and WACC) to assess the impact on the valuations.	Our audit procedures in relation to the valuation of goodwill and other intangible assets included the following: • Assessing management's allocation of the goodwill across the three CGUs, based on the nature of the Group's business and the manner in which results are monitored and reported • Evaluating the assumptions and methodologies used by the Company in preparing the value in use calculation, in particular those relating to the sales growth rate, projected future expenditure, and pre-tax discount rate. • The cash flow projections for each cash-generating unit has been assessed and challenged by us, and includes an assessment of the historical accuracy of management's estimates and evaluation of business plans. • Reviewing the sensitivity analysis prepared by management, to assess the headroom in each cash generating unit. • Assessing the adequacy of the disclosures in the financial statements for Goodwill assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Revenue Refer to Note 4 in the financial statements	
The recognition of revenue and the associated deferred revenue is significant to the audit, and is considered to be a key audit matter due to the nature of the revenue, which is often paid in advance of the services being rendered. The group is therefore required to recognise such receipts as deferred revenue until such time as the services are rendered. There are potential risks in relation to the following: • Sales may be deliberately overstated as a result of management override of internal controls. The management of the Group considers sales as a key performance measure which could create an incentive for sales to be recognised before the services have been provided. • In accordance with AASB118 Revenue, Experience Co Group is entitled to recognise revenue from variable consideration, being the probabilities applied to gift card sales and advance bookings in respect of management's assessment of the likelihood that the advance bookings and gift vouchers will result in a tandem jump occurring. This increases the risk that sales could be misstated due to errors in judgement or estimation uncertainty around the assumptions used in making these judgments.	We obtained a detailed understanding of each of the sources of revenue and the related systems processes for quantifying and recording revenue and deferred revenue. Our audit procedures in relation to revenue recognition and deferral included the following: • Considering the adequacy of the Group's revenue recognition policies, and assessing them for compliance with Australian Accounting Standards. • Where applicable, testing the operating effectiveness of key controls in relation to bookings. • Performing predictive analytical techniques with regards to revenue and passenger numbers in relation to various services offered. • Selecting a sample of entries in the sales ledger accounts and testing that the amounts recognised are consistent with cash banked • Inspecting a sample of the monthly journals to verify that monthly revenue is appropriately adjusted to take into consideration the deferred revenue in respect of payments received in advance of the services being rendered. • Selecting a sample of transactions of cash receipts and testing that the service has in fact been provided by verifying that the booking had been discharged as per the customer booking systems or that the revenue was correctly recorded in the deferred revenue balance. • Inspecting that the balances reflected in the deferred revenue accounts were properly reconciled to the deferred revenue reports as per the customer booking systems. • Reviewing the actual historical breakage rates and comparing them to the percentages used in calculating breakage revenue on gift cards.

Property, Plant and Equipment Refer to Note 17 in the financial statements	
Experience Co Group currently owns aircraft and other operating equipment with a carrying value of $121,539,000. The more significant classes of property, plant and equipment include following: • Aircraft with carrying values of $61,915,000. • Vessels with carrying values of $32,395,000. • Plant and Equipment with carrying values of $7,721,000. The accounting in respect of the property, plant and equipment for Experience Co Group is complex and non-routine due to the nature of the equipment and the judgement required in determining useful lives, residual values, and the valuation of the major components of the assets. The company also completed 3 major acquisitions in the year under review resulting in the acquisition of $40,662,000 in tangible assets. These are acquired at deemed fair value which requires judgment and involves estimation uncertainty in relation to the determination of acquisition fair values. In addition, aircraft were revalued in the current year as part of the 3 year review cycle.	Our audit procedure in relation to property, plant and equipment included following: *Acquisition Cost* • On a sample basis, test the cost of the acquisitions to supporting documentation and evaluate the reasonableness of any costs incurred to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management. • For significant assets acquired through business combinations test that the assigned values are consistent with the independent external valuations obtained by the Board. • For less significant assets acquired at fair value through business combinations, assess the reasonableness of the assigned values in relation to other similar assets, and other market data. *Residual Values* • Assessing the reasonableness of internal evidence provided by management to support the residual value of the assets by comparing it to external evidence and historical sales values. • Assessing the adequacy of the disclosures in financial statements for the critical accounting estimates and judgements in the accounting policy notes and ensure the disclosures are consistent with the applied practices. • Assessing the reasonableness of the residual values for the vessels having consideration for the per ton scrap value of ships and other market data. *Asset Components* • Assessing the reasonableness of the split of the main components of the aircraft being the engine and fuselage having consideration for verified past practices and other industry data and evidence. • Assessing the reasonableness of the split of the main components of vessels between hull and engine, agreeing to valuation reports provided by external experts and review of independent

	expert valuation reports having consideration of the requirements of ASA500, Audit Evidence and the requirements with regard to the reliance on information to be used as audit evidence that has been prepared using the work of a management's expert. *Useful lives* • For newly-acquired engine and fuselage, assessing the reasonableness of the useful lives by comparing to similar planes and engines in the Groups fleet. • For existing engine and fuselage, assessing reasonableness of the useful lives by reviewing confirmations from external experts or consistency with other aircraft in the fleet. • Testing the engine hours to log books and other maintenance schedules. • Assessing the expected useful lives of the newly acquired vessels and other operating equipment by discussing management expectations and where possible comparing to operators in the industry and other externally available market data. *Fair Values* • A number of fair values were determined in the period under review including the acquisition fair values of significant assets acquired in business combinations as well as the aircraft which were revalued as at 30 June 2018. Where valuations have been prepared by a management's expert, we have performed the following: ➢ Evaluate the competence, capabilities and objectivity of that expert; ➢ Obtain an understanding of the work of that expert; and ➢ Evaluate the appropriateness of that expert's work as audit evidence for the relevant assertion.

Responsibilities of the Directors for the Financial Report

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 12 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Experience Co Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM Australia Partners

GNS

G N Sherwood
Partner
Sydney, 19 September 2018

Experience Co Limited and Controlled Entities
(formerly Skydive the Beach Group Limited)
ACN: 167 320 470
AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at : 19 September 2018

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding)	Number Ordinary
1 – 1,000	227
1,001 – 5,000	709
5,001 – 10,000	331
10,001 – 100,000	395
100,001 – and over	56
	1,718

b. The number of shareholdings held in less than marketable parcels is 54.

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

Shareholder	Number Ordinary
Anthony Boucaut & Associated Companies	132,083,965
J P Morgan Nominees Australia Limited	102,474,364
Citicorp Nominees Pty Limited	58,356,732
HSBC Custody Nominees (Australia) Limited	49,650,281
National Nominees Limited	44,177,965

d. **Voting Rights**

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

Ordinary shares

– Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. 20 Largest Shareholders — Ordinary Shares

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Boucaut Enterprises Pty Ltd	132,083,965	23.76%
2.	J P Morgan Nominees Australia	102,474,364	18.44%
3.	Citicorp Nominees Pty Ltd	58,356,732	10.50%
4.	HSBC Custody Nominees	49,650,281	8.93%
5.	National Nominees Limited	44,177,965	7.95%
6.	UBS Nominees Pty Ltd	25,180,543	4.53%
7.	Skydive The Beach Pty Ltd	23,912,660	4.30%
8.	Skydive Perth Pty Ltd	16,338,000	2.94%
9.	BNP Paribas Nominees Pty Ltd	11,793,813	2.12%
10.	HSBC Custody Nominees	9,041,677	1.63%
11.	Aust Executor Trustees Ltd	7,994,712	1.44%
12.	Skydive The Beach Melbourne Pty Ltd	7,482,000	1.35%
13.	Ms Ariane Radford	6,227,940	1.12%
14.	AMP Life Limited	5,712,263	1.03%
15.	Mirrabooka Investments Limited	5,207,269	0.94%
16.	BNP Paribas Noms Pty Ltd	4,876,418	0.88%
17.	Ms Celeste Linda Ritter	3,383,970	0.61%
18.	Mrs Josephine Mary Wallace	3,040,541	0.55%
19.	Mr James Darroch Wallace	3,040,540	0.55%
20.	Aust Executor Trustees Ltd	2,058,064	0.37%
		522,033,717	93.92%

2. The Company Secretary is Fiona Van Wyk.

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

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

5. **Stock Exchange Listing**

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

6. **Unquoted Securities**

6,756,757 fully paid ordinary shares are restricted and will remain unquoted until 14 December 2018.

Options over Unissued Shares
A total of 10,300,000 options are on issue. All options are on issue to directors and former directors under the Experience Co Limited employee option plan.

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

Directors:	John Diddams - Independent Non-Executive Director and Acting Chairman
	Colin Hughes - Independent Non-Executive Director
	Kerry (Bob) East - Independent Non-Executive Director (appointed 30 April 2018)
	Anthony Boucaut - Executive Director and Managing Director
	Anthony Ritter - Executive Director and Chief Executive Officer
Company Secretary:	Fiona Van Wyk (appointed 10 September 2018)
	Anthony Ritter and John Diddams (resigned 10 September 2018)
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