ACN 167 320 470

Appendix 4D

For the half year ended 31 December 2019

(Previous corresponding period being the half year ended 31 December 2018)

Results for announcement to the market

				December 2019 $'000	December 2018 $'000
Revenue from continuing operations	Down	12.2%	to	60,262	68,645
Profit from continuing operations attributable to shareholders	Down	96.5%	to	273	7,713
Net profit / (loss) after tax from continuing and discontinued operations attributable to shareholders	Down	196.7%	to	(7,137)	7,383
Net tangible assets					
Net tangible assets per share				$0.16	$0.17

Dividends

No dividend has been paid or declared during the period.

Auditor's Report

This Appendix 4D is based on the Interim Financial Report for the half year ended 31 December 2019 (as attached) which has been reviewed by Experience Co Limited's auditors.

Other Information

The remainder of the information requiring disclosure to comply with the Listing Rule 4.2A is contained in the Interim Financial Report that follows.

ACN 167 320 470

Experience Co Limited

ACN 167 320 470

Interim Financial Report

Half year ended 31 December 2019

This Interim Financial Report is to be read in conjunction with the financial report for the year ended 30 June 2019

CONTENTS

DIRECTORS' REPORT

The directors present their report on the consolidated entity (referred to herein as the Group) consisting of Experience Co Limited and its controlled entities for the half year ended 31 December 2019.

DIRECTORS

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

Kerry (Bob) East[1]	Chair, Independent Non-Executive Director
John Diddams	Deputy Chair, Independent Non-Executive Director (resigned 31 December 2019)
Colin Hughes	Independent Non-Executive Director (resigned 20 November 2019)
Anthony Boucaut[2]	Non-Executive Director
John O'Sullivan	Chief Executive Officer and Executive Director (appointed 29 July 2019)
Neil Cathie	Independent Non-Executive Director (appointed 16 October 2019)
Michelle Cox	Independent Non-Executive Director (appointed 1 January 2020)

[1] Prior to the appointment of John O'Sullivan, Bob East acted in the role of Executive Chairman from 13 February 2019 until 29 July 2019

[2] Transitioned to Non-Executive Director on 2 September 2019

REVIEW OF OPERATIONS

Principal Activities

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

Recently the Group has been divided into core and non-core businesses, as announced in the strategic review update at the Annual General Meeting on 20 November 2019. The core component comprises the Skydive activities in Australia and New Zealand operating under the brands of Skydive Australia, NZone, Skydive Wanaka and Skydive Southern Alps. Also included in the core component is the Great Barrier Reef based snorkel and dive experiences and rainforest tours.

The non-core activities include helicopters, white water rafting, canyoning and ballooning assets operated under the brands of GBR Helicopters, Cairns Canyoning, Raging Thunder, Byron Bay Ballooning and Hunter Valley Ballooning. These non-core assets are to be divested.

The divestment of these non-core assets was well progressed at 31 December 2019, with GBR Helicopters and Cairns Canyoning sales substantially completed or completed, and advisors appointed in relation to the remaining non-core assets.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Group Financial Performance

The trading performance of the Group reflected the challenging operating conditions in both our Australia and New Zealand skydiving activities, and continued softer tourism market conditions in Tropical North Queensland.

During the period the senior management team was strengthened, including the commencement of CEO, John O'Sullivan and a restructure of operational management. The period also saw a strategic review of the business which determined the strategic outlook for the Group, including the divestment of non-core businesses and assets.

Revenue

Revenue from continuing operations decreased by 12.2%, with this largely being a volume led decrease across both skydiving and GBR experiences on the prior corresponding period.

Discontinued operations

On 20 November 2019 the Group announced the outcome of a strategic review and the Board's decision to divest a number of non-core businesses. These included GBRH (completed on 2 January 2020), Cairns Canyoning (completed in December 2019) and the white water rafting and ballooning businesses, including those activities acquired as part of the 1 October 2016 acquisition of Raging Thunder.

Underlying EBITDA

The decrease in Underlying EBITDA from continuing operations to $9.1 million (31 December 2018: $15.0m), largely reflects decreases in volumes across key activities. Underlying EBITDA is a financial measure not prescribed by Australian Accounting Standards and represents earnings before interest, taxation, depreciation and amortisation adjusted for restructure and other expenses and the net impact of the initial application of AASB 16 leases.

Skydiving

Skydiving in both Australia and New Zealand experienced operational challenges in the half year, principally driven by environmental factors. In Australia volumes were down by 7.2% to 60,671 on the prior corresponding period, with wind conditions impacting operating days in the first quarter. This was encountered again in November and December, and was further impacted by smoke haze from the bushfires on the eastern seaboard. This is evidenced by tandem volume decreases at our drop zones from Byron Bay to Great Ocean Road.

New Zealand volumes were impacted by weather conditions, with tandem volume down 14.4% to 23,414. The first quarter weather impacts continued into the second quarter with late season winter conditions persisting through the period, resulting in cloud cover and snowfall in the Queenstown region.

Booking levels remained robust in both geographies, although inevitably adversely impacted by operating conditions and more pronounced in the December month with the impact of the bushfires and associated smoke haze.

GBR Experiences

The GBR Experiences segment represents our core marine activities ex Cairns and Port Douglas, including Big Cat Green Island, Reef Magic (MarineWorld), Fitzory Island Adventures and Calypso, as well as Daintree rainforest tours. The Tropical North Queensland tourism market was down on the prior period with airport arrivals down by 3.3%, a continuation of the cyclical downward trend since September 2018. This trend was evident in this segment's performance for the period.

Passenger numbers (on a fee paying basis) were down by 5.3% to 139,266 driving a decrease in sales revenue in the order of 16% to $22.1 million for the half. Management was encouraged by solid trading conditions in the latter part of December and into January 2020, with good trading performance relative to the prior corresponding period. However, this momentum has been curtailed by the impact of the coronavirus travel restrictions from late January 2020.

Corporate

Net corporate costs were $3.5 million for the period. The strategic review identified cost rationalisation as a key focus area.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Balance sheet

The Group had a strong balance sheet at 31 December 2019 with net tangible assets of $88.5 million.

The divestment of the Great Barrier Reef Helicopters ('GBRH') business was completed on 2 January 2020. Net debt, pro forma following the divestment of GBRH, was $7.3 million as at 31 December 2019.

OUTLOOK

The Group recognises that FY20 will be a period of re-setting the business for improved performance in FY21 and beyond, with a key component having been Board and management renewal over the 2019 calendar year. The short term priority will be executing strategic review initiatives, with a focus on improving return on invested capital by:

- Business simplification and simplifying the core portfolio
- Divestment of non-core assets
- Deploying sales proceeds to pay down debt
- Conserve capital by not declaring a dividend, and being disciplined in maintaining a strong balance sheet
- Exploring organic growth opportunities and maintaining an acquisition pipeline

The Group is expecting the Australian tourism market to experience headwinds in coming months following the catastrophic bushfire events recently experienced on the Australian eastern seaboard.

Of increasing significance is the impact of COVID-19 ('coronavirus') on our inbound markets, and in particular restrictions on China tourism in both Australia and New Zealand. The Group continues to monitor ongoing developments, and be proactive in mitigating the impact on its operations. Notwithstanding, the Group expects to experience an adverse impact as a result of these events into the second half, however the magnitude will be determined by the duration of COVID-19 and related travel restrictions.

DIVIDENDS

No dividend was paid or declared during the period.

SUBSEQUENT EVENTS

Subsequent to the reporting date the Group announced completion of the divestment of the Great Barrier Reef Helicopters business to the Morris Group on 2 January 2020.

ROUNDING OF AMOUNTS

The Company is an entity to which ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191 issued by ASIC relating to rounding off applies and in accordance with that instrument amounts in the Financial Statements and Directors' Reports have been rounded to the nearest thousand dollars.

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as requested under section 307C of the *Corporation Act* 2001 is set out on page 17.

Signed in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act* 2001.

John O'Sullivan
Chief Executive Officer

Kerry Robert (Bob) East
Chairman

Dated: **19 February 2020**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	31 December 2019 $000	31 December 2018 $000
Continuing operations			
Sales revenue		60,262	68,645
Cost of sales		(36,851)	(39,045)
Gross profit		23,411	29,600
Other income		905	2,815
Administrative and corporate expenses		(11,601)	(13,295)
Occupancy expenses		(667)	(1,699)
Marketing and advertising expenses		(1,175)	(1,467)
Repairs and maintenance expenses		(874)	(989)
Other operating expenses		(20)	(3)
Depreciation and amortisation expenses		(5,451)	(4,147)
Restructure and other expenses	4	(3,236)	303
Profit before financial income and taxes		1,292	11,118
Finance costs		(1,019)	(884)
Profit before income tax from continuing operations		273	10,234
Income tax expense		(12)	(2,521)
Profit for the half year from continuing operations		261	7,713
Discontinued operations			
Loss after tax for the year from discontinued operations	5	(7,398)	(330)
(Loss)/Profit for the half year from continuing and discontinued operations		(7,137)	7,383
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of income tax		304	125
Other comprehensive income for the half year		304	125
Total comprehensive (loss)/profit for the half year		(6,833)	7,508
Earnings per share for continuing operations			
Basic earnings per share (cents)		0.05	1.39
Diluted earnings per share (cents)		0.05	1.36

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2019 $000	As at 30 June 2019 $000
Assets			
Current assets			
Cash and cash equivalents		9,937	4,803
Trade and other receivables		6,745	5,645
Inventories		3,557	4,964
Current tax asset		-	4,119
Other assets		1,801	3,170
		22,040	22,701
Non-current assets classified as assets held for sale	5	31,941	-
Total current assets		**53,981**	**22,701**
Non-current assets			
Trade and other receivables		994	976
Other financial assets		1	1
Property, plant and equipment	6	82,304	118,868
Right-of-use assets		10,156	-
Deferred tax assets		8,814	9,535
Intangible assets	7	29,905	29,986
Total non-current assets		**132,174**	**159,366**
Total assets		**186,155**	**182,067**
Liabilities			
Current liabilities			
Trade and other payables		7,542	9,653
Borrowings	8	297	-
Lease liabilities	11	4,129	2,955
Provisions		2,582	3,033
Current tax liability		130	-
Contract liabilities		3,295	1,733
		17,975	17,374
Liabilities directly associated with assets classified as held for sale		2,172	-
Total current liabilities		**20,147**	**17,374**
Non-current liabilities			
Borrowings	8	21,010	20,000
Lease liabilities	11	18,297	11,198
Provisions		1,135	1,096
Total non-current liabilities		**40,442**	**32,294**
Total liabilities		**60,589**	**49,668**
Net assets		**125,566**	**132,399**
Equity			
Issued capital		168,860	168,860
Retained earnings		(45,503)	(38,713)
Reserves		2,209	2,252
Total equity		**125,566**	**132,399**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Issued Capital $000	Retained Earnings $000	Asset Revaluation Reserve $000	Common Control Reserve $000	Share Option Reserve $000	Foreign Currency Translation Reserve $000	Total $000
Balance at 1 July 2018		168,860	14,644	1,382	(4,171)	18	(341)	180,392
Comprehensive income								
Profit for the half year		-	7,383	-	-	-	-	7,383
Other comprehensive income for the half year		-	-	-	-	-	125	125
Total comprehensive income for the year		-	7,383	-	-	-	125	7,508
Transactions with owners, in their capacity as owners, and other transfers								
Dividends paid during the half year	9	-	(5,558)	-	-	-	-	(5,558)
Total transactions with owners and other transfers		-	(5,558)	-	-	-	-	(5,558)
Balance at 31 December 2018		168,860	16,469	1,382	(4,171)	18	(216)	182,342
Amounts are stated net of tax								
Balance at 1 July 2019		168,860	(38,713)	6,051	(4,171)	250	122	132,399
Transfer from asset revaluation reserve to retained earnings			347	(347)				-
Comprehensive income								
Loss for the half year		-	(7,137)	-	-	-	-	(7,137)
Other comprehensive income for the half year		-	-	(257)	-	200	361	304
Total comprehensive income for the year		-	(6,790)	(604)	-	200	361	(6,833)
Transactions with owners, in their capacity as owners, and other transfers								
Dividends paid during the half year	9	-	-	-	-	-	-	-
Total transactions with owners and other transfers		-	-	-	-	-	-	-
Balance at 31 December 2019		168,860	(45,503)	5,447	(4,171)	450	483	125,566
Amounts are stated net of tax								

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	31 December 2019 $000	31 December 2018 $000
Operating activities			
Receipts from customers (GST inclusive)		77,784	97,305
Interest received		-	-
Payments to suppliers and employees (GST inclusive)		(69,029)	(79,081)
Finance costs		(762)	(741)
Income tax refund / (paid)		2,363	(2,131)
Net cash provided by operating activities		**10,356**	**15,352**
Investing activities			
Sale of property, plant and equipment		1,576	1,654
Purchase of property, plant and equipment		(5,391)	(5,281)
Purchase of other non-current assets		-	(111)
Payments for investments in subsidiaries		-	(1,250)
Net cash used in investing activities		**(3,815)**	**(4,988)**
Financing activities			
Proceeds from borrowings		4,966	2,500
Repayment of borrowings		(5,629)	(2,121)
Repayment of leases		(744)	-
Dividends paid by parent entity		-	(5,558)
Loan repayments from related parties		-	371
Net cash used by financing activities		**(1,407)**	**(4,808)**
Net increase in cash held		5,134	5,555
Cash and cash equivalents at beginning of the period		4,803	7,171
Effect of exchange rates on cash holdings in foreign currencies		-	122
Cash and cash equivalents at end of the period		**9,937**	**12,848**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 CORPORATE INFORMATION

The interim financial report of Experience Co Limited and its subsidiaries (collectively, the Group) for the six months ended 31 December 2019 were authorised for issue in accordance with the resolution of the directors.

Experience Co Limited is listed on the Australian Securities Exchange, incorporated and domiciled in Australia whose shared are publicly traded. The registered office is located at 51 Montague Street, North Wollongong, New South Wales, Australia.

NOTE 2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

BASIS OF PREPARATION

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

All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies adopted in the preparation of the interim financial report are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2019, except for the adoption of new standards effective as of 1 July 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

SIGNITICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the interim financial report, the Group has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. Significant judgements made by management in applying the Group's accounting policies and the key sources of estimate uncertainty were the same as that applied to the audited consolidated financial statements for the year ended 30 June 2019.

Discontinued operations and assets held for sale

The assets and liabilities of non-core assets have been classified where appropriate as discontinued operations and assets held for sale as at 31 December 2019, as the Group had announced their planned divestment at its most recent Annual General Meeting and had commenced an active program to do so.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The Group has applied for the first time AASB 16 Leases. Note 11 sets out further disclosures in relation to the first time application of AASB 16 Leases.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 3 OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

The Group has identified the following reportable operational segments based on a combination of factors including products and services, geographical areas and regulatory environment:

- **Skydiving**: comprises tandem skydive and related products, with ancillary aircraft maintenance.
- **GBR Experiences** : comprises the continuing operations of the former Adventure Experiences segment in the annual financial statements for the period ended 30 June 2019. The core activities of this segment include a range of reef based dive and snorkel experiences and rainforest tours operating out of Cairns and Port Douglas in the Tropical North Queensland region.
- **Corporate**: comprises the centralised management and business administration services.

These operating segments are based on the internal reports that are reviewed and used by the CEO in determining the allocation of resources. The CEO reviews Earnings before interest, taxes, depreciation and amortisation (EBITDA) at the segment level. The accounting policies adopted for internal reporting to the CEO are consistent with those adopted in the financial statements.

On 20 November 2019 the Group announced the outcomes of a strategic review that identified certain non-core assets to be divested and as such this note is presented based on the Group's continuing operations. Note 5 sets out information in relation to discontinued operations.

OPERATING SEGMENT INFORMATION

31 December 2019	Skydiving $000	GBR Experiences $000	Corporate $000	Continuing operations $000
Continuing operations				
Revenue				
Sales to external customers	38,079	22,121	62	60,262
Sales revenue	**38,079**	**22,121**	**62**	**60,262**
Other income	141	703	61	905
Total segment revenue	**38,220**	**22,824**	**123**	**61,167**
EBITDA	**8,459**	**2,110**	**(3,826)**	**6,743**
Depreciation and amortisation	(2,658)	(2,448)	(345)	(5,451)
Segment profit before financial income and taxes	**5,801**	**(338)**	**(4,171)**	**1,292**
EBITDA	**8,459**	**2,110**	**(3,826)**	**6,743**
Restructure and other expenses	1,234	1,577	426	3,236
Impact of AASB 16 Leases	(404)	(440)	(72)	(915)
Underlying EBITDA	**9,289**	**3,247**	**(3,472)**	**9,064**
Total assets	**111,510**	**32,767**	**9,937**	**154,214**
Total liabilities	**26,696**	**7,370**	**24,351**	**58,417**

During the period the Group has reallocated certain costs that were previously included in the Corporate segment to the Skydiving and Great Barrier Reef Experiences segments.

Finance costs, finance income are not allocated to individual segments as these are managed on a group basis. Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 3 OPERATING SEGMENTS (CONTINUED)

OPERATING SEGMENT INFORMATION (CONTINUED)

31 December 2018	Skydiving $000	GBR Experiences $000	Corporate $000	Continuing operations $000
Continuing operations				
Revenue				
Sales to external customers	42,267	26,378	-	68,645
Sales revenue	**42,267**	**26,378**	**-**	**68,645**
Other income	1,820	995	-	2,815
Total segment revenue	**44,087**	**27,373**	**-**	**71,460**
EBITDA	11,096	6,978	(2,809)	15,265
Depreciation and amortisation	(2,868)	(1,051)	(228)	(4,147)
Segment profit before financial income and taxes	**8,228**	**5,927**	**(3,037)**	**11,118**
EBITDA	11,096	6,978	(2,809)	15,265
Restructure and other expenses	-	-	(303)	(303)
Underlying EBITDA	**11,096**	**6,978**	**(3,112)**	**14,962**
Total assets	**108,931**	**84,718**	**12,848**	**206,497**
Total liabilities	**23,063**	**6,761**	**20,000**	**49,824**

A reconciliation of profit for the half year from continuing operations to Underlying EBITDA for continuing operations is as follows:

	31 December 2019 $000	31 December 2018 $000
Profit for the half year from continuing operations	**261**	**7,713**
Finance costs	1,019	884
Depreciation and amortisation	5,451	4,147
Income tax expense	12	2,521
EBITDA from continuing operations	**6,743**	**15,265**
Restructure and other expenses	3,236	(303)
	9,979	14,962
AASB 16 Leases (net impact)	(915)	-
Underlying EBITDA from continuing operations	**9,064**	**14,962**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 4 RESTRUCTURE AND OTHER EXPENSES

Restructure and other expenses from continuing operations in the period included a number of non-recurring items, principally due to the Group's strategic review and senior management transition in the period.

	31 December 2019 $000	31 December 2018 $000
Impairment of assets	1,574	-
Restructuring costs	643	298
Strategic review costs	579	-
Onerous leases	147	-
Share based payments	192	-
Other (net)	101	(601)
Restructure and other expenses	**3,236**	**(303)**

NOTE 5 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

STRATEGIC REVIEW AND DIVESTMENT OF NON-CORE ASSETS

Discontinued operations

On 20 November 2019 the Group announced the outcome of a strategic review and the Board's decision to divest a number of non-core businesses. These included Great Barrier Reef Helicopters, canyoning, white water rafting and ballooning businesses, including those activities acquired as part of the 1 October 2016 acquisition of Raging Thunder.

In this interim financial report these non-core businesses have been recognised as discontinued operations.

The Group announced on 20 December 2019 that it had entered into a contract to divest Great Barrier Reef Helicopters to the Morris Group. This transaction was completed on 2 January 2020.

The Group divested the Cairns Canyoning business in December 2019.

The Group has appointed external advisors to commence the divestment of the whitewater rafting and ballooning activities, inclusive of the Raging Thunder brand. This sale does not include the Fitzroy Island Adventures activities that formed part of the previously acquired Raging Thunder group.

These discontinued operations are no longer included in the operating segment note disclosures. The results of these discontinued operations are presented below.

	31 December 2019 $000	31 December 2018 $000
Sales revenue	10,065	15,664
Expenses	(11,004)	(15,994)
Impairment loss recognised on the remeasurement to fair value less costs to sell	(6,459)	-
Loss before tax from discontinued operations	**(7,398)**	**(330)**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 5 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (CONTINUED)

Assets held for sale

The assets and liabilities of the assets held for sale have been appropriately disclosed in the Consolidated Statement of Financial Position as follows:

	31 December 2019 $000
Assets	
Intangible assets	12
Property, plant & equipment	26,695
Trade and other receivables	1,219
Inventories	1,092
Other current assets	2,923
Assets held for sale	**31,941**
Liabilities	
Trade and other payables	(1,511)
Provisions - Current	(483)
Provisions - Non-Current	(70)
Contract liabilities	(108)
Liabilities directly associated with assets held for sale	**(2,172)**
Net assets directly associated with assets held for sale	**29,769**

NOTE 6 PROPERTY PLANT & EQUIPMENT

	Land & Buildings $000	Plant & Equipment $000	Leasehold Improv. $000	Aircraft $000	Motor Vehicles $000	Office Equipment $000	Vessels $000	Total $000
Balance at 1 July 2019	8,164	7,180	3,450	66,023	4,679	604	28,768	**118,868**
Additions	42	682	122	3,055	107	127	1,117	**5,252**
Depreciation expense	(44)	(665)	(113)	(2,058)	(352)	(112)	(1,835)	**(5,179)**
Disposals	-	(12)	-	(1,532)	(67)	(30)	(530)	**(2,171)**
Revaluations	-	-	-	262	-	-	-	**262**
Impairment	(1,597)	-	-	(5,139)	(132)	-	(1,165)	**(8,033)**
Assets held for sale	(2,602)	(469)	(247)	(19,671)	(1,513)	(63)	(2,130)	**(26,695)**
Balance at 31 December 2019	**3,963**	**6,716**	**3,212**	**40,940**	**2,722**	**526**	**24,225**	**82,304**

NOTE 7 INTANGIBLE ASSETS

	Goodwill $000	Trademarks $000	Computer Software $000	Customer relationships and other $000	Leases & Licences $000	Total $000
Balance at 1 July 2019	13,176	9,239	761	5,125	1,684	29,986
Additions	-	18	323	-	-	341
Amortisation expense	-	-	(158)	(300)	(10)	(468)
Movement in foreign exchange	28	17	-	10	4	59
Assets held for sale	-	-	**(12)**	-	-	**(12)**
Balance at 31 December 2019	**13,204**	**9,274**	**914**	**4,835**	**1,678**	**29,905**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 8 BORROWINGS

	31 December 2019 $000	30 June 2019 $000
Current		
Insurance premium funding	297	-
Total current borrowings	297	-
Non-current		
Bank loans	21,010	20,000
Total non-current borrowings	21,010	20,000
Total borrowings	21,307	20,000

During the period the Group extended the maturity on the Multi Option Facility Agreement with the National Australia Bank (NAB) to 20 October 2021.

NOTE 9 DIVIDENDS

No dividend paid or declared during the period (31 December 2018: a fully franked dividend of $0.01 per share was paid out of retained profits at 30 June 2018, amounting to $5,558,118).

NOTE 10 SUBSEQUENT EVENTS

On 2 January 2020 the Group announced completion of the divestment of the Great Barrier Reef Helicopters to the Morris Group.

The net proceeds from the sale of $16.25 million have been applied to the corporate debt facility. The gross sales proceeds of $16.75m included a retention amount of $0.5 million which is contingent upon certain events within 40 business days post acquisition related to airworthiness of the divested helicopter fleet.

NOTE 11 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

AASB 16 Leases

The Group applies, for the first time, AASB 16 Leases. This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model.

The Group has elected to apply the modified retrospective (simplified) approach. This will result in the right-of-use assets being recognised at the same value as the corresponding lease liability. As such, there will be no impact to retained earnings.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 11 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

AASB 16 Leases (continued)

Consistent with the modified retrospective approach comparatives have not been restated. The Group has also elected to use the recognition exemptions for lease contracts that, at the commencement date being 1 July 2019, have a remaining lease term of 12 months or less and do not contain a purchase option and lease contracts for which the underlying asset is of low value.

On transition to AASB 16, at 31 December 2019 the Group has recognised additional right of use assets of $10.1 million and additional lease liabilities of $10.3 million.

Lease liabilities presented in the Statement of Financial Position includes lease liabilities of $12.2 million for leases previously classified as finance leases under AASB 117.

The weighted average of the lessee's incremental borrowing rate at the date of initial application of AASB 16 is 4.11%.

Reconciliation of operating lease commitments to AASB 16 Leases disclosures

	$000
Operating lease commitment reported at 30 June 2019	6,765
Less: short-term leases not recognised under AASB 16	(113)
Plus: effect of extension options reasonably certain to be exercised	7,667
Undiscounted lease payments	**14,319**
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(3,359)
Plus: leases previously classified as finance type under AASB 117	14,153
Lease liability as at 1 July 2019 as reported under AASB 16	**25,113**

DIRECTORS' DECLARATION

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

1. The financial statements and notes, as set out on pages 5 to 15:

   (a) comply with Accounting Standard AASB 134: Interim Financial Reporting; and

   (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the period ended on that date.

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

John O'Sullivan
Chief Executive Officer

Kerry Robert (Bob) East
Chairman

Dated: **19 February 2020**

AUDITOR'S INDEPENDENCE DECLARATION

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Experience Co Limited for the half year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM AUSTRALIA PARTNERS

CAMERON HUME
Partner

Sydney, NSW
Dated: 19 February 2020

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INDEPENDENT AUDITORS REVIEW REPORT

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

EXPERIENCE CO LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Experience Co Limited which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Experience Co Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

INDEPENDENT AUDITORS REVIEW REPORT

RSM

Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM AUSTRALIA PARTNERS

CAMERON HUME
Partner

Sydney, NSW
Dated: 19 February 2020