



Australian Adventure Tourism Group

ONWARD+UPWARD

ACN 010 547 912



Interim Financial Report **2020**

For the half-year
ended 31 December 2019



The Whitsundays
**2019 TOURISM AWARDS
WINNER**
Outstanding Customer Service

The Whitsundays
**2019 TOURISM AWARDS
GOLD WINNER**
Backpackers Accommodation

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Australian Adventure Tourism Group

ONWARD+UPWARD

AUSTRALIAN ADVENTURE TOURISM GROUP LIMITED (NSX CODE: AAT)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half-year ended 31 December 2019

| | | \$000 31 December 2019 | \$000 31 December 2018 |
|---|--------|------------------------------|------------------------------|
| | Change | | |
| Revenues from ordinary activities | -17% | 1,425 | 1,711 |
| Loss from ordinary activities after tax attributable to members | +127% | (116) | (51) |
| Net loss for the period attributable to members | +127% | (116) | (51) |
| | | \$ | \$ |
| Net tangible asset backing per security | | 0.23 | 0.27 |

| Dividend Information | Amount per Share (Cents) | Franked Amount per Share (Cents) | Tax Rate for Franking (%) |
|----------------------|--------------------------------|---|---------------------------------|
| Final dividend | Nil | Nil | Nil |
| Interim dividend | Nil | Nil | Nil |
| Record date | | | Not Applicable |

The group does not have any dividend reinvestment plan in operation.

Loss or gain of control over other entities

There was no loss or gain of control over other entities during the period.

Investment in associates and joint ventures

Not applicable.

Refer to the Directors' Report and Interim Financial Report for additional information

DIRECTORS' REPORT

Your directors submit the financial report of the Consolidated Group for the half-year ended 31 December 2019.

On 22 November 2019, following approval of shareholders at the Annual General Meeting on 19 November 2019, the Group announced that the name of the ultimate holding company had been formally changed from Jimmy Crow Limited to Australian Adventure Tourism Group Limited (AAT or the Group) and had adopted a new NSX ticker code of AAT. The board is of the view that the new name is more reflective of the Group's current and future business channels in adventure tourism.

INFORMATION ON DIRECTORS

The names of directors who held office during or since the end of the half-year:

| Name | Position |
|-------------------|----------|
| Elizabeth Hackett | Chairman |
| Nathan Leman | Director |
| Kerry Daly | Director |

OPERATING RESULT

The consolidated comprehensive loss for the half-year ended 31 December 2019 attributed to members of Australian Adventure Tourism Group, after providing for income tax was \$958,039 (2018: \$542,842).

The result was achieved on revenue and other income of \$1,425,357 (2018: \$1,710,811), total expenses of \$1,541,293 (2018: \$1,761,779) and a non-cash loss on fair value movement on financial assets of \$842,103 (2018: \$491,894).

The fair value movement on financial assets primarily reflects the decrease in the ASX quoted market value of the stapled securities held in Australian Dairy Nutritionals Group (AHF). This investment is a non-core asset of the Group and it is the board's intention to dispose of this asset before 30 June 2020. As the securities have not been sold, this impairment has not crystallised.

FINANCIAL POSITION

The net assets of the Group are \$8,214,246 at 31 December 2019 (June 2019: \$9,205,090), a decrease of \$990,844 from 30 June 2019. This decrease is largely attributable to the decrease in the valuation of financial assets of \$842,103.

The Group has borrowings at 31 December 2019 of \$136,633 (June 2019: \$96,972).

The directors believe the Group is in a strong and stable financial position to expand and grow its current operations as opportunities present.

REVIEW OF OPERATIONS AND BUSINESS SEGMENTS

• **TOURISM AND HOSPITALITY - MAGNUMS BACKPACKER OPERATIONS**

Revenue from trading at Magnums Backpackers declined by 12% compared with the same period in 2018, reflecting a general decline in tourist visitation to the Whitsunday region. However, Magnums Backpackers has continued to hold a dominant market share of the backpacker visitation numbers into the region. The Group continues to focus on maximising the opportunities in all areas of potential operations with tour sales and accommodation sectors both performing strongly relative to competitors.

The Magnums property and facilities have been constantly well maintained and improved and consistently feature highly in social media and guest review sites. The property has been a regular winner of tourism awards in the backpacker and budget travel market.

It is apparent from reports from comparison websites and online booking channels such as SiteMinder that Magnums remains the market leading regional backpacker product on the all major on-line booking sites with Review Pro showing Magnums leading the field in customer satisfaction and service.

Magnums Backpackers won its eighth consecutive Award for "Best Regional Backpackers" and also won the "Best Customer Service Operator" across all categories. The Group's commitment to team retention and training is the key driver of its success.

In 2020 both the Board and Management are committed to embracing the Magnums business's newly acquired Eco accreditation and extending the already high commitment to excellence in Tourism by seeking education and accreditation in Indigenous Tourism.

The Group strongly supports efforts and advice from Federal, State and Regional governments that the Whitsunday Region needs new mainland tourism infrastructure to increase the length of stay and spend rates. In particular, the Group strongly supports the Queensland Government's investigations into the development of the Whitsunday Skyway project at Airlie Beach and continues to seek to be a facilitator and developer of this unique project.

• **INVESTMENTS - AUSTRALIAN DAIRY NUTRITIONALS GROUP (ASX CODE: AHF)**

AAT is the second largest single securityholder in AHF, holding 15,309,892 fully paid stapled securities or 4.13% (June 2019: 4.17%). The securities, which were acquired as part of the demerger of AAT on the corporate reconstruction of former parent entity, Trustees Australia and Cashwerkz in 2017, have been valued at the 31 December 2019 ASX closing price of 10.5 cents (30 June 2019: 16 cents). Since that date the securities have traded between 9.6 cents and 10.5 cents.

DIRECTORS' REPORT

REVIEW OF OPERATIONS AND BUSINESS SEGMENTS (cont'd)

Holding listed investments is not a long-term core activity for the Group and the board's intention is to progressively dispose of the holding to release cash for core business development. Subject to being able to realise an adequate sale price for the securities, the board will look to realise this asset in the next 12 months as opportunities within the tourism, hospitality and property segments arise.

- **PROPERTY**

The Group owns land at Airlie Beach adjoining the Magnums Backpackers property, which is currently used for vehicle parking and access. The land parcel has a strategic value in terms of the future development of various adjoining land parcels. The board are in continuing discussions with the local authority and adjoining property owners with respect to complimentary development of this land in conjunction with development on adjoining parcels. The Magnums property assets have not been revalued in the current period.

SEASONALITY OF OPERATIONS

The operations of the tourism and hospitality services segment at Airlie Beach are regarded as seasonal in nature, however, historical revenue analysis shows no significant bias to higher revenues generated in either the first or second half of the financial year.

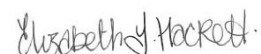
NEW ACCOUNTING STANDARDS IMPLEMENTED

The Group has implemented a new accounting standard that is applicable for the current reporting period. AASB 16: *Leases* has been applied retrospectively, with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: *Leases*.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under S307C of the Corporations Act 2001 is set out on page 6 for the half-year ended 31 December 2019.

This report is signed in accordance with a resolution of the board of directors.



Elizabeth Hackett
Executive Chairman

11 February 2020



Auditor's Independence Declaration Under Section 307C of the *Corporations Act 2001*

To the Directors of Australian Adventure Tourism Group Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australian Adventure Tourism Group Limited and the entities it controlled during the period.

Nexia Brisbane Audit Pty Ltd.

Nexia Brisbane Audit Pty Ltd

Robertson.

AM Robertson
Director

Level 28, 10 Eagle Street
Brisbane, QLD, 4000

Date: 11 February 2020

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

| | | December 2019 | December 2018 |
|--|-----------|------------------|------------------|
| | Notes | \$ | \$ |
| Revenue | 3(a) | 1,425,357 | 1,710,811 |
| Business operating expenses | | (417,915) | (455,884) |
| Employment expenses | 3(b)(ii) | (707,616) | (765,956) |
| Finance costs | 3(b)(i) | (17,018) | (4,566) |
| Property operating expenses | | (122,747) | (195,747) |
| Depreciation and amortisation | 3(b)(iii) | (135,689) | (88,757) |
| Other expenses | | (140,308) | (250,869) |
| Loss before income tax | | (115,936) | (50,968) |
| Income tax expense | 3(c) | - | - |
| Loss for the period | | (115,936) | (50,968) |
| Other comprehensive income | | | |
| Items that will be reclassified subsequently to profit or loss: | | - | - |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Fair value movement of financial assets at fair value through other comprehensive income, net of tax | | (842,103) | (491,874) |
| Other comprehensive loss for the period | | (842,103) | (491,874) |
| Total comprehensive loss for the period attributable to members | | (958,039) | (542,842) |
| Earnings per share: | 10 | cents | cents |
| Basic earnings per share | | (0.3) | (0.1) |
| Diluted earnings per share | | (0.3) | (0.1) |

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

| | Notes | December 2019 \$ | June 2019 \$ |
|--------------------------------------|-------|------------------------|--------------------|
| Current Assets | | | |
| Cash and cash equivalents | | 324,486 | 308,334 |
| Trade and other receivables | | 280,788 | 353,881 |
| Inventories | 4 | 4,758 | 4,921 |
| Financial assets | 5 | 1,607,539 | - |
| Other assets | | 204,970 | 29,597 |
| Total Current Assets | | 2,422,541 | 696,733 |
| Non-Current Assets | | | |
| Inventories | 4 | 890,000 | 890,000 |
| Financial assets | 5 | 22,591 | 2,472,233 |
| Right of use assets | 6 | 442,935 | - |
| Property, plant and equipment | 7 | 5,914,607 | 5,974,702 |
| Intangibles | | 3,050 | 3,050 |
| Total Non-Current Assets | | 7,273,183 | 9,339,985 |
| Total Assets | | 9,695,724 | 10,036,718 |
| Current Liabilities | | | |
| Trade and other payables | | 482,434 | 358,236 |
| Lease liabilities | | 97,519 | - |
| Borrowings | 8 | 62,255 | 15,063 |
| Provisions | | 318,789 | 316,917 |
| Total Current Liabilities | | 960,997 | 690,216 |
| Non-Current Liabilities | | | |
| Lease liabilities | | 380,304 | - |
| Borrowings | 8 | 74,378 | 81,909 |
| Provisions | | 65,799 | 59,503 |
| Total Non-Current Liabilities | | 520,481 | 141,412 |
| Total Liabilities | | 1,481,478 | 831,628 |
| Net Assets | | 8,214,246 | 9,205,090 |
| Equity | | | |
| Issued capital | | 8,680,086 | 8,680,086 |
| Reserves | | (286,434) | 555,669 |
| Retained earnings | | (179,406) | (30,665) |
| Total Equity | | 8,214,246 | 9,205,090 |

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

| | December 2019 \$ | December 2018 \$ |
|--|------------------------|------------------------|
| Cash Flows from Operating Activities | | |
| Receipts from customers | 1,565,290 | 1,778,571 |
| Payments to suppliers and employees | (1,498,343) | (1,858,357) |
| Interest received | 459 | 2,943 |
| Finance costs | (4,909) | (4,566) |
| Net operating cash flows | 62,497 | (81,409) |
| Cash Flows from Investing Activities | | |
| Payment for property, plant & equipment | (38,547) | (176,365) |
| Payment for financial assets | - | (15,000) |
| Net investing cash flows | (38,547) | (191,365) |
| Cash Flows from Financing Activities | | |
| Proceeds from borrowings | 157,304 | 354,824 |
| Repayment of borrowings | (117,645) | (178,566) |
| Repayments of lease principal | (47,457) | - |
| Net financing cash flows | (7,798) | 176,258 |
| Net increase / (decrease) in cash held | 16,152 | (96,516) |
| Cash at the beginning of the period | 308,334 | 659,246 |
| Cash at the end of the financial period | 324,486 | 562,730 |

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

| | Issued Capital Ordinary | Financial Asset Revaluation Reserve | Retained Earnings | Total |
|--|----------------------------|--|----------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2019 | 8,680,086 | 555,669 | (30,665) | 9,205,090 |
| Cumulative Adjustment upon adoption of new accounting standard - AASB 16 | - | - | (32,805) | (32,805) |
| Balance at 1 July 2019 (restated) | 8,680,086 | 555,659 | (63,470) | 9,172,285 |
| Comprehensive Income for the period | | | | |
| Loss attributable to members of parent entity | - | - | (115,936) | (115,936) |
| Other comprehensive loss | - | (842,103) | - | (842,103) |
| Total comprehensive loss for the period | - | (842,103) | (115,936) | (958,039) |
| Balance at 31 December 2019 | 8,680,086 | (286,434) | (179,406) | 8,214,246 |

| | Issued Capital Ordinary | Financial Asset Revaluation Reserve | Retained Earnings | Total |
|--|----------------------------|--|----------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | 8,680,086 | 477,200 | 137,203 | 9,294,489 |
| Comprehensive Income for the period | | | | |
| Loss attributable to members of parent entity | - | - | (50,968) | (50,968) |
| Other comprehensive loss | - | (491,874) | - | (491,874) |
| Total comprehensive loss for the period | - | (491,874) | (50,968) | (542,842) |
| Balance at 31 December 2018 | 8,680,086 | (14,674) | 86,235 | 8,751,647 |

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Australian Adventure Tourism Group Limited and its controlled entities (referred to as the "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2019, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on the date of signing the directors' report.

(b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except for those as described in Note 1(c) below.

(c) New and Amended Standards Adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

– AASB 16: *Leases*

The impact of the adoption of this Standard and the respective accounting policies is disclosed in Note 2.

NOTE 2: CHANGES IN ACCOUNTING POLICIES

This note describes the nature and effect of the adoption of AASB 16: *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

(a) Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 2: CHANGES IN ACCOUNTING POLICIES (cont'd)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

b. Initial Application of AASB 16: Leases

The Group has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16 the comparatives for the 2018 reporting period have not been restated as permitted under specific transition provisions in the standard.

The Group has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: *Leases* where the Group is the lessee.

Lease liabilities are measured at the present value of the remaining lease payments. The Group's weighted average incremental borrowing rate of 5.45% as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets for the lease have been measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and the prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- The use of hindsight to determine lease terms on contracts that have options to extend or terminate;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review. The Group did not have any onerous contracts as at 1 July 2019.

The difference between the undiscounted amount of operating lease commitments at 30 June 2019 of \$668,568 and the discounted operating lease commitments as at 1 July 2019 of \$513,171 was \$155,397 and is due to discounting the operating lease commitments at the Group's incremental borrowing rate.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 3: REVENUE AND EXPENSES

| | Note | December 2019 \$ | December 2018 \$ |
|--|------|------------------------|------------------------|
| (a) Revenue from Continued Operations | | | |
| Revenue from contracts with customers | (i) | 1,310,426 | 1,492,372 |
| Other sources of revenue | (ii) | 114,931 | 218,439 |
| Total revenue from continued operations | | 1,425,357 | 1,710,811 |

(i) Revenue disaggregation

The Group has disaggregated revenue into various categories in the following table. The revenue is disaggregated by service line and timing of revenue recognition.

Service lines:

| | | |
|------------------------------------|-----------|-----------|
| - tourism and hospitality services | 1,310,426 | 1,492,372 |
|------------------------------------|-----------|-----------|

Timing of revenue recognition

Services transferred to customers:

| | | |
|-------------|------------------|------------------|
| - over time | 1,310,426 | 1,492,372 |
| | 1,310,426 | 1,492,372 |

(ii) Other sources of revenue

| | | |
|---------------|----------------|----------------|
| Interest | | |
| - related | 7,032 | 6,715 |
| - unrelated | 459 | 2,943 |
| Grant funding | 32,060 | 109,292 |
| Other revenue | 75,380 | 99,489 |
| | 114,931 | 218,439 |

(b) Expenses

(i) Finance costs

| | | |
|-------------------------------------|---------------|--------------|
| Interest paid - unrelated | 4,909 | 4,556 |
| Finance costs - right of use assets | 12,109 | - |
| | 17,018 | 4,556 |

(ii) Employee benefits expense

| | | |
|------------------------------|----------------|----------------|
| Wages and salaries costs | 637,379 | 689,892 |
| Superannuation | 62,298 | 64,777 |
| Employee benefits provisions | 7,939 | 11,287 |
| | 707,616 | 765,956 |

(iii) Depreciation and amortisation

| | | |
|--|----------------|---------------|
| Depreciation - property, plant and equipment | 98,258 | 88,757 |
| Depreciation - right of use asset | 37,431 | - |
| | 135,689 | 88,757 |

(iv) Other significant items

| | | |
|------------------------------------|--------|--------|
| Rental expense on operating leases | - | 50,485 |
| Cost of sales | 50,947 | 47,903 |

(c) Income Tax

There is no income tax applicable to the result for the period (2018: \$nil) due to operating losses and the availability of carried forward tax losses.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 4: INVENTORIES

| | | December 2019 | June 2019 |
|---|------|------------------|----------------|
| | Note | \$ | \$ |
| Current | | | |
| Stock in trade at cost | | 4,758 | 4,921 |
| Total current inventories | | 4,758 | 4,921 |
| Non-Current | | | |
| Development property at net relisable value | (i) | 890,000 | 890,000 |
| Total non-current inventories | | 890,000 | 890,000 |
| Total inventories | | 894,758 | 894,921 |

- (i) The Group commissioned a valuation from Opteon Property Group for the year ended 30 June 2018, to assess independently the value of the land at Airlie Beach. The valuer adopted a direct market comparison whereby the property was compared with sales of the most recent comparable properties and adjustments made for points of difference. Based on this approach the land was valued at \$890,000. The original cost of the development has been impaired down to its current net relisable value consistent with the independent valuation.

At 31 December 2019 the Group has reviewed the net realisable value of the development property taking into consideration recent sales of property and other market conditions and assessed the net realisable value to be \$890,000.

NOTE 5: FINANCIAL ASSETS

| | | December 2019 | June 2019 |
|---|---------|------------------|------------------|
| | Notes | \$ | \$ |
| Current | | | |
| Investments in equity instruments designated at fair value through other comprehensive income | (i)(ii) | 1,607,539 | - |
| Non-current | | | |
| Investments in equity instruments designated at fair value through other comprehensive income | (iii) | 22,591 | 2,472,233 |
| Total financial assets | | 1,630,130 | 2,472,233 |

- (i) At 31 December 2019, the Group held 15,309,892 ASX listed fully paid stapled securities in Australian Dairy Nutritionals Group (ASX Code: AHF). The securities have been valued at the 31 December 2019 ASX closing price of 10.5 cents (30 June 2019: 16 cents). Since that date the securities have traded between 9.6 cents and 10.5 cents.
- (ii) Holding listed investments is not a long-term core activity for the Group and the board's intention is to progressively dispose of the holding to release cash for core business development. Subject to being able to realise an adequate sale price for the securities, the board will look to realise this asset in the next 12 months as opportunities within the tourism, hospitality and property segments arise.
- (iii) At 31 December 2019, the Group held the following ASX listed securities;
- 750,000 shares in Authorised Investment Fund Limited (ASX Code: AIY). The securities were valued at 3 cents as of 31 December 2019 (30 June 2019: 3 cents). The shares have been suspended from trading on the ASX since 22 November 2019 and the Group has valued them at the last traded price.
 - 2,030 shares in Fastbrick Robotics Ltd (ASX Code: FBR). The securities were valued at 4.5 cents as of 31 December 2019 (30 June 2019: 7.4 cents). Since that date the securities have traded between 4.5 cents and 5.7 cents.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 6: RIGHT OF USE ASSETS

The Group has a 10-year lease on premises used as the tour office at Airlie Beach, with an expiry date of 30 November 2025.

The lease has 2 x 5-year options, which provide the Group opportunities to manage leases in order to align with its strategies. The extension or termination options are only exercisable by the Group; however, management has no reasonable certainty at this point in time that options will be exercised and as such the options are not included in the calculation of the lease liability.

(i) AASB 16 related amounts recognised in the statement of financial position

| | December 2019 |
|--|------------------|
| | \$ |
| Right of use assets | |
| Leased building | 748,622 |
| Accumulated depreciation | (305,687) |
| | 442,935 |
| Movement in carrying amounts: | |
| Leased building: | |
| Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 17) | 480,366 |
| Depreciation expense for the period | (37,431) |
| | 442,935 |

(ii) AASB 16 related amounts recognised in the statement of profit or loss

| | December 2019 |
|---|------------------|
| | \$ |
| Depreciation charge related to right of use assets | 37,471 |
| Interest expense on lease liabilities (included in finance costs) | 12,109 |

(iii) AASB 16 related amounts recognised in the statement of cash flows

| | December 2019 | December 2018 |
|--|------------------|------------------|
| | \$ | \$ |
| Total half-yearly cash outflows for leases | (47,457) | (46,075) |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

| | | December 2019 \$ | June 2019 \$ |
|---|------|------------------------|--------------------|
| | Note | | |
| Land and buildings | | | |
| - at independent valuation 2018 | (i) | 5,600,000 | 5,600,000 |
| - at cost | | 1,298 | 1,298 |
| less accumulated depreciation | | (138,657) | (92,171) |
| Total land and buildings, net | | 5,462,641 | 5,509,127 |
| Plant and equipment owned | | | |
| - at cost | | 798,166 | 760,407 |
| less accumulated depreciation | | (346,200) | (294,832) |
| Total plant and equipment, net | | 451,966 | 465,575 |
| Total property, plant and equipment, net | | 5,914,607 | 5,974,702 |

- (i) The Group commissioned a valuation from Opteon Property Group for the year ended 30 June 2018 to independently assess the market value of the freehold interest of the property assets at Airlie Beach as a going concern on a Walk in Walk out basis. The valuers made an assessment taking into account the long-term trading history of the property and its current condition. The Group have adopted the same valuation as at 31 December 2019, plus capitalised costs and less accumulated depreciation.

NOTE 8: BORROWINGS

| | | December 2019 \$ | June 2019 \$ |
|---------------------------------|------|------------------------|--------------------|
| | Note | | |
| Current | | | |
| Loans - unsecured | (i) | 41,756 | - |
| Loans - secured | (ii) | 20,499 | 15,063 |
| Total current borrowings | | 62,255 | 15,063 |
| Non-Current | | | |
| Loans - secured | (ii) | 74,378 | 81,909 |
| Total borrowings | | 136,633 | 96,972 |

- (i) The unsecured loan is with Monument Premium Funding for the Group's annual insurance premiums. The terms are as follows:
- 10-month term
 - Repayments are made monthly in equal instalments paid in advance
 - Interest rate is 1.99%
- (ii) The secured loan is motor vehicle finance. The terms are as follows:
- 48-month term
 - Repayments are made monthly in equal instalments paid in advance
 - Balloon payment at the end of the term of \$46,761
 - Interest rate is 5.08%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 9: SEGMENT INFORMATION

(i) Segment Performance

31 December 2019

| | Tourism & Hospitality Services | Property | Investments | Total |
|------------------------------------|--------------------------------|-----------------|-------------|------------------|
| Revenue | \$ | \$ | \$ | \$ |
| External sales | 1,417,866 | - | - | 1,417,866 |
| Interest revenue | 7,491 | - | - | 7,491 |
| Total segment revenue | 1,425,357 | - | - | 1,425,357 |
| Segment net loss before tax | (98,091) | (17,485) | - | (115,936) |

31 December 2018

| | Tourism & Hospitality Services | Property | Investments | Total |
|------------------------------------|--------------------------------|-----------------|-------------|------------------|
| Revenue | \$ | \$ | \$ | \$ |
| External sales | 1,701,153 | - | - | 1,701,153 |
| Interest revenue | 9,658 | - | - | 9,658 |
| Total segment revenue | 1,710,811 | - | - | 1,710,811 |
| Segment net loss before tax | (34,402) | (16,566) | - | (50,968) |

(ii) Segment Assets

As at 31 December 2019

| | Tourism & Hospitality Services | Property | Investments | Total |
|--|--------------------------------|----------------|------------------|------------------|
| Segment assets | 7,175,594 | 890,000 | 1,630,130 | 9,695,724 |
| Segment asset increases for the period: | | | | |
| Additions | 518,913 | - | - | 518,913 |
| Total group assets | | | | 9,695,724 |

As at 30 June 2019

| | Tourism & Hospitality Services | Property | Investments | Total |
|--|--------------------------------|----------------|------------------|-------------------|
| Segment assets | 6,674,485 | 890,000 | 2,472,233 | 10,036,718 |
| Segment asset increases for the period: | | | | |
| Additions | 278,952 | - | 15,000 | 293,952 |
| Total group assets | | | | 10,036,718 |

(iii) Segment Liabilities

As at 31 December 2019

| | Tourism & Hospitality Services | Property | Investments | Total |
|--------------------------------|--------------------------------|----------|-------------|------------------|
| Segment liabilities | 1,481,478 | - | - | 1,481,478 |
| Total group liabilities | | | | 1,481,478 |

As at 30 June 2019

| | Tourism & Hospitality Services | Property | Investments | Total |
|--------------------------------|--------------------------------|----------|-------------|----------------|
| Segment liabilities | 831,628 | - | - | 831,628 |
| Total group liabilities | | | | 831,628 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 10: EARNINGS PER SHARE

| | December 2019 cents | December 2018 cents |
|--|-----------------------------|-----------------------------|
| Earnings per share | | |
| Basic profit / (loss) per share | (0.3) | (0.1) |
| Diluted profit / (loss) per share | (0.3) | (0.1) |
| Reconciliation of earnings to profit or loss | | |
| Loss attributable to shareholders | (115,936) | (50,968) |
| | Number of Shares | Number of Shares |
| Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS | 34,120,131 | 34,120,131 |
| Weighted average number of options outstanding | - | - |
| Weighted average number of ordinary shares outstanding during the period used in calculating dilutive EPS | 34,120,131 | 34,120,131 |

NOTE 11: FAIR VALUE MEASUREMENTS

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Financial assets at fair value through other comprehensive income
- Land and buildings

(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 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 uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach converts estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach reflects 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 is not available and

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 11: FAIR VALUE MEASUREMENTS (cont'd)

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring and non-recurring basis after initial recognition and their categorisation within the fair value hierarchy:

31 December 2019

| | Note | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|---|------|------------------|------------------|---------------|------------------|
| Assets recognised at fair value on a recurring basis | | | | | |
| Financial assets | | | | | |
| Financial assets at fair value through other comprehensive income | | | | | |
| - Shares in listed companies | 5 | 1,630,130 | - | - | 1,630,130 |
| Total financial assets recognised at fair value on a recurring basis | | 1,630,130 | - | - | 1,630,130 |
| Non-recurring fair value measurements | | | | | |
| Land and buildings (i) | 7 | - | 5,462,641 | - | 5,462,641 |
| Total non-financial assets recognised at fair value on a non-recurring basis | | - | 5,462,641 | - | 5,462,641 |

30 June 2019

| | Note | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|---|------|------------------|------------------|---------------|------------------|
| Assets recognised at fair value on a recurring basis | | | | | |
| Financial assets | | | | | |
| Financial assets at fair value through other comprehensive income | | | | | |
| - Shares in listed companies | 5 | 2,472,233 | - | - | 2,472,233 |
| Total financial assets recognised at fair value on a recurring basis | | 2,472,233 | - | - | 2,472,233 |
| Non-recurring fair value measurements | | | | | |
| Land and buildings (i) | 7 | - | 5,509,127 | - | 5,509,127 |
| Total non-financial assets recognised at fair value on a non-recurring basis | | - | 5,509,127 | - | 5,509,127 |

- (i) Freehold land and building is the Magnums site, being a backpacker operations in Airlie Beach. The board considers that the land's current use is its highest and best use.

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (June 2019: no transfers).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 11: FAIR VALUE MEASUREMENTS (cont'd)

(b) Techniques and Inputs Used to Measure Level 2 Fair Values

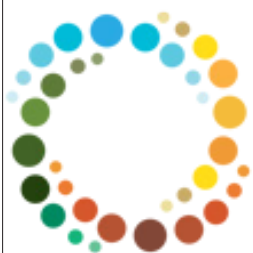
The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used:

| Description | Note | Fair Value Hierarchy Level | Valuation Technique(s) | Input Used |
|--------------------|------|----------------------------|--|---|
| Assets | | | | |
| Land and Buildings | 8 | 2 | Market approach using recent observable market data for similar properties, income approach using discounted cash flow methodology | Price per hectare, market borrowing rate. |

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the notes to the financial statements.

NOTE 12: SEASONALITY OF OPERATIONS

Refer to the directors' report for information on the seasonality of revenues.



Australian Adventure Tourism Group

ONWARD+UPWARD

DIRECTORS' DECLARATION

For the half-year ended 31 December 2019

In accordance with a resolution of the directors of Australian Adventure Tourism Group Limited, the directors of the company declare that:

- (a) the financial statements and notes set out on pages 7 to 20 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - (ii) giving a true and fair view of the Consolidated Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
- (b) 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.

Elizabeth Hackett
Executive Chairman

Brisbane

11 February 2020



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AUSTRALIAN ADVENTURE TOURISM GROUP LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australian Adventure Tourism Group Limited which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated 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.

Directors' Responsibility for the Half-Year Financial Report

The directors of Australian Adventure Tourism Group Limited 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 gives a true and fair view and 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 Australian Adventure Tourism Group Limited'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 Australian Adventure Tourism Group 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 review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Australian Adventure Tourism Group Limited as attached to the director's report, has not changed as at the time of this auditor's review report.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AUSTRALIAN ADVENTURE TOURISM GROUP LIMITED (CONTINUED)

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 Australian Adventure Tourism Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Australian Adventure Tourism Group Limited'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 the *Corporations Regulations 2001*.

Nexia Brisbane Audit Pty Ltd.

Nexia Brisbane Audit Pty Ltd

Robertson.

A M Robertson
Director

Level 28, 10 Eagle Street
BRISBANE QLD 4000

Date: 11 February 2020



Australian Adventure Tourism Group

ONWARD+UPWARD

Board of Directors

Elizabeth Hackett
Executive Chairman

Kerry Daly (B.Bus, CPA)
Director

Nathan Leman
Director

Company Secretaries

Jerome Jones (B.Com, CPA)
Company Secretary

Registered Office

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Stock Exchange

Australian Adventure Tourism Group Limited is listed on the official List of the National Stock Exchange of Australia (NSX). The NSX Code is "AAT".

Australian Adventure Tourism Group Limited ACN: 010 547 912