

Skydive the Beach

GROUP LIMITED

ACN 167 320 470



FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016





Skydive the Beach Group Limited and Controlled Entities
ACN: 167 320 470

Half Year Report
For the 31 December 2016

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Skydive the Beach Group Limited and Controlled Entities
ACN: 167 320 470

Directors' Report

The directors present their report on the consolidated entity (referred to herein as the Group) consisting of Skydive the Beach Group Limited and its controlled entities for the half year ended 31 December 2016.

The following persons were directors of Skydive the Beach Group Limited during or since the end of the period up to the date of this report:

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

Principal Activities

The principal activities of the consolidated group during the period was the provision of adventure tourism and leisure experiences to the public, predominantly tandem skydiving. On 31 October 2016 the Group acquired Raging Thunder Adventures*, an adventure eco-tourism company, located in Far North Queensland, adding white water rafting, hot air ballooning, canyoning, sea kayaking and tours to the Great barrier Reef to the company's adventure tourism portfolio.

There were no other significant changes in the nature of the consolidated group's principal activities during the period.

* "Raging Thunder Adventures" is Raging Thunder Pty Ltd and its associated subsidiaries.

Operating Results and Review of Operations

In the 6 months to 31 December 2016, Skydive the Beach Group recorded strong revenue and EBITDA growth, driven by:

- 6 months contribution from NZone New Zealand (acquired 30 October 2015)
- 6 months contribution from Skydive Wanaka (acquired 1 July 2016)
- 3 months contribution from Performance Aviation (acquired 3 October 2016)
- 2 months contribution from Raging Thunder and all its subsidiaries (acquired 31 October 2016).
- strong growth in the Australian Skydive operations and improvements in operating efficiencies.

Presented below is a summary of historical and current operating statistics and financial performance information, including a comparison of actual results for the period ended 31 December 2016 against the same period last year.

	Half-year ended		%
	31-Dec-16 Actual	31-Dec-15 Actual	
Revenue from ordinary activities	39,098	24,575	59.1%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)*	8,173	4,486	82.2%
Net profit before tax	5,133	2,791	83.9%
Net Profit after tax attributable to members of the parent entity	3,626	2,640	37.4%
Net cash provided by operating activities	6,539	2,239	192.1%

* EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity. A reconciliation between EBITDA and profit after income tax for the half year ended 31 December 2016 is included below.

Reconciliation of EBITDA to NPAT

	Half-year ended	
	31-Dec-16 \$'000	31-Dec-15 \$'000
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	8,173	4,486
Add: Interest received	0	40
Deduct: Depreciation and amortisation	(2,635)	(1,419)
Deduct: Finance costs	(405)	(315)
Net Profit before tax	5,133	2,791
Income tax expense	(1,507)	(151)
Net Profit after tax	3,626	2,640

Dividends

On 30 September 2016, a fully franked dividend of \$0.01 per share was paid out of retained profits at 30 June 2016, amounting to \$3,963,013.

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

Significant Changes in State of Affairs

On 1 July 2016, the Group completed the acquisition of Skydive Wanaka Limited, being a skydiving operation in Wanaka, New Zealand. Consideration for the acquisition was NZ\$10.4 million (of which AUD 9.98M was paid as a deposit with the company's solicitors prior to 30 June 2016).

On 3 October 2016, the Group acquired Performance Aviation Limited, an aircraft and helicopter maintenance business, based in Wanaka New Zealand. Consideration for the acquisition was NZ\$ 500,000.

On 28 September 2016 the Group announced a fully underwritten accelerated non renounceable entitlement offer to raise \$19.6M. As a result of this capital raise 37,742,986 were shares issued at \$0.52 each on the basis of 2 shares for every 21 shares held.

On 31 October 2016 the Group acquired Raging Thunder Adventures (and its associated subsidiaries), an adventure eco-tourism company, located in Far North Queensland, adding white water rafting, hot air ballooning, canyoning, sea kayaking and tours to the Great Barrier Reef to the company's adventure tourism portfolio. Consideration for the acquisition was \$15.4M.

Events Subsequent to the End of the Reporting Period

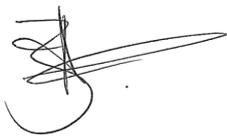
No material events subsequent to end of the reporting period.

ASIC Class Order 98/100 Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

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

Signed on behalf of the directors



Anthony Boucaut
Managing Director
Dated :20 February 2017



Anthony Ritter
Chief Executive Officer

Skydive the Beach Group Limited and Controlled Entities
ACN: 167 320 470

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half year ended 31 December 2016

	Consolidated Group	
	Half Year Ended	Half Year Ended
	31 December 2016	31 December 2015
	\$000	\$000
Revenue	39,098	24,575
Cost of sales	<u>(22,812)</u>	<u>(14,076)</u>
Gross profit	16,286	10,499
Other income	220	228
Administration and corporate expenses	(6,217)	(4,697)
Occupancy expenses	(995)	(815)
Depreciation and amortisation expenses	(2,635)	(1,419)
Marketing, advertising and agents commission	(939)	(622)
Repairs and maintenance expenses	(182)	(68)
Finance costs	<u>(405)</u>	<u>(315)</u>
Net Profit before income tax	5,133	2,791
Income tax expense	<u>(1,507)</u>	<u>(151)</u>
Net Profit after tax attributable to members of the parent entity	3,626	2,640
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Revaluation of property plant and equipment, net of tax	-	20
Items that will be reclassified to profit or loss when specific conditions are met:		
Exchange differences on translation of foreign operations	<u>89</u>	<u>50</u>
Total other comprehensive income	<u>89</u>	<u>70</u>
Total comprehensive income for the period	<u>3,715</u>	<u>2,710</u>
 Earnings per share		
From continuing operations:		
Basic earnings per share (cents)	1.75	1.65
Diluted earnings per share (cents)	1.71	1.60

The accompanying notes form part of these financial statements.

Skydive the Beach Group Limited and Controlled Entities
ACN: 167 320 470

Consolidated Statement of Financial Position
as at 31 December 2016

	Note	Consolidated Group As at 31 December 2016 \$000	As at 30 June 2016 \$000
ASSETS			
Current assets			
Cash and cash equivalents	2	10,369	12,819
Trade and other receivables		4,010	2,483
Inventories		1,506	1,486
Other current assets		1,671	11,999
Current tax assets		620	-
Total current assets		<u>18,176</u>	<u>28,787</u>
Non-current assets			
Trade and other receivables		1,431	1,495
Property, plant and equipment	5	55,748	39,503
Intangible assets	6	37,929	17,996
Other non current assets		72	27
Total non-current assets		<u>95,180</u>	<u>59,021</u>
Total assets		<u>113,356</u>	<u>87,808</u>
LIABILITIES			
Current liabilities			
Trade and other payables		4,899	2,662
Deferred revenue		1,036	202
Borrowings		1,930	2,049
Provisions		1,459	606
Current tax liabilities		1,982	3,078
Total current liabilities		<u>11,306</u>	<u>8,597</u>
Non-current liabilities			
Borrowings		12,824	8,297
Deferred tax liabilities		544	793
Provisions		187	74
Total non-current liabilities		<u>13,555</u>	<u>9,164</u>
Total liabilities		<u>24,861</u>	<u>17,761</u>
Net assets		<u>88,495</u>	<u>70,047</u>
Equity			
Issued capital	7	83,825	65,231
Retained earnings		6,352	6,689
Reserves		(1,682)	(1,873)
Total equity		<u>88,495</u>	<u>70,047</u>

The accompanying notes form part of these financial statements

Skydive the Beach Group Limited and Controlled Entities
ACN: 167 320 470

Consolidated Statement of Changes in Equity
for the half year ended 31 December 2016

	Note	Issued Capital \$000	Retained Earnings \$000	Asset Revaluation Reserve \$000	Common Control Reserve \$000	Share Option Reserve \$000	Foreign Currency Translation Reserve \$000	Total \$000
Consolidated Group								
Balance at 1 July 2015		32,039	2,468	2,844	(4,171)	5	-	33,185
Comprehensive income								
Profit for the period		-	2,640	-	-	-	-	2,640
Other comprehensive income		-	-	20	-	-	50	70
Total comprehensive income		-	2,640	20	-	-	50	2,710
Transactions with owners, in their capacity as owners								
Issued shares		20,055	-	-	-	-	-	20,055
Transaction costs, net of tax impact		(904)	-	-	-	-	-	(904)
Distributions paid or provided for		-	(2,937)	-	-	-	-	(2,937)
Movement in share options reserve		-	-	-	-	-	-	6
		6						
Total transactions with owners		19,151	(2,937)	-	-	6	-	16,220
Balance as at 31 December 2015		51,190	2,171	2,864	(4,171)	11	50	52,115
Balance at 1 July 2016		65,231	6,689	2,386	(4,171)	13	(101)	70,047
Comprehensive income								
Profit for the period		-	3,626	-	-	-	-	3,626
Other comprehensive income		-	-	-	-	-	89	89
Total comprehensive income		-	3,626	-	-	-	89	3,715
Transactions with owners, in their capacity as owners								
Issued shares	7	19,627	-	-	-	-	-	19,627
Transaction costs, net of tax impact		(1,033)	-	-	-	-	-	(1,033)
Distributions paid or provided for	3	-	(3,963)	-	-	-	-	(3,963)
Movement in reserves		-	-	-	-	3	100	103
Total transactions with owners		18,594	(3,963)	-	-	3	100	14,734
Balance as at 31 December 2016		83,825	6,352	2,386	(4,171)	16	88	88,495

The accompanying notes form part of these financial statements.

Skydive the Beach Group Limited and Controlled Entities
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Consolidated Statement of Cash Flows
for the half year ended 31 December 2016

	Note	Consolidated Group Half Year Ended 31 December 2016 \$000	Half Year Ended 31 December 2015 \$000
Cash flows from operating activities			
Receipts from customers		37,803	24,557
Payments to suppliers and employees		(29,092)	(21,793)
Finance costs		(405)	(315)
Income tax paid		(1,767)	(210)
		<hr/>	<hr/>
Net cash provided by operating activities		6,539	2,239
Cash flows from investing activities			
Payments for property, plant and equipment		(11,673)	(8,934)
Payments for other non-current assets		-	(253)
Proceeds from disposal of plant and equipment		-	352
Payments for business acquisitions		(15,922)	(13,714)
Cash acquired in business acquisitions		610	243
		<hr/>	<hr/>
Net cash used in investing activities		(26,985)	(22,306)
Cash flows from financing activities			
Proceeds from issued capital		19,626	19,582
Transaction costs associated with share issue		(1,033)	(903)
Dividends paid		(3,963)	(2,937)
Loans to related parties		-	(195)
Loan repayments from related parties		-	495
Repayment of borrowings		(1,213)	(1,102)
Proceeds from borrowings		4,579	1,326
		<hr/>	<hr/>
Net cash provided by financing activities		17,996	16,266
Net (decrease) in cash held		(2,450)	(3,801)
Cash at beginning of the period		<hr/>	<hr/>
		12,819	9,235
Cash at end of the period	2	<hr/> 10,369	<hr/> 5,434

The accompanying notes form part of these financial statements.

Skydive the Beach Group Limited and Controlled Entities
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Notes to the consolidated financial statements
for the half year ended 31 December 2016

1 Significant Accounting Policies

Statement of compliance

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

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 30 June 2016 annual financial report for the financial year ended 30 June 2016. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Critical Accounting Judgements, Estimates and Assumptions

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. All critical accounting estimates and judgements are consistent with those applied and included in the annual financial report for the year ended 30 June 2016.

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

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period.

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

Consolidated Group	
31-Dec-16	30-Jun-16
\$000	\$000

2 Reconciliation of Cash and Cash Equivalents

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

Cash on hand	23	23
Cash at bank	10,346	12,796
	10,369	12,819

3 Dividends

A final fully franked dividend of \$0.01 per share was paid on 30 September 2016 out of retained profits at 30 June 2016, amounting to \$3,963,013

No other dividends have been paid or declared.

4 Acquisition of Controlled Entities

On 1 July 2016, Skydive (New Zealand) Limited, a wholly-owned subsidiary, acquired Skydive Wanaka Limited, being a company registered and trading within New Zealand, for the consideration of NZ\$10,400,000, including the purchase of loan accounts of NZD 1,699,607.

(i) Fair value of purchase consideration:

Cash	10,095	
Loans acquired	(1,637)	8,458
Assets and liabilities held at acquisition date:		
- Current assets	316	
- Non-current assets	2,780	
- Current liabilities	(785)	
- Non-current liabilities	(1,100)	1,211
Goodwill and other intangible assets		7,247

Skydive the Beach Group Limited and Controlled Entities
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Notes to the consolidated financial statements
for the half year ended 31 December 2016

\$000's

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.

(i) Fair value of purchase consideration:

Cash	482
Less:	
- Current assets	120
- Non-current assets	68
- Current liabilities	-
- Non-current liabilities	-
	188
Goodwill	294

On 31 October 2016, Skydive the Beach Group 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.

(ii) Fair value of purchase consideration:

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

5 Property, Plant and Equipment

	Consolidated Group As at 31-Dec-16 \$000	As at 30-Jun-16 \$000
Plant and equipment:		
At cost	10,899	6,367
Accumulated depreciation	(4,016)	(1,508)
	6,883	4,859
Leasehold improvements:		
At cost	1,891	1,029
Accumulated depreciation	(484)	(354)
	1,407	675
Aircraft:		
At revalued amounts	45,222	34,135
Accumulated depreciation	(4,236)	(2,879)
	40,986	31,256
Motor vehicles:		
At cost	3,294	1,788
Accumulated depreciation	(675)	(476)
	2,619	1,312
Office equipment:		
At cost	838	696
Accumulated depreciation	(553)	(470)
	285	226
Land and buildings		
At cost	4,011	1,184
Accumulated depreciation	(443)	(9)
	3,568	1,175
Total property, plant and equipment	55,748	39,503

Skydive the Beach Group Limited and Controlled Entities
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Notes to the consolidated financial statements
for the half year ended 31 December 2016

a) Movements in Carrying Amounts

	Plant & Equipment	Leasehold Improvements	Aircraft	Motor Vehicles	Office Equipment	Land and buildings	Total
Opening balance	4,859	675	31,256	1,312	226	1,175	39,503
Additions through business combinations	1,909	809	1,831	66	48	2,290	6,953
Additions	392	53	9,256	1,358	94	240	11,392
Depreciation expense	(277)	(130)	(1,357)	(117)	(83)	(136)	(2,100)
Closing balance	6,883	1,407	40,986	2,619	285	3,568	55,748

6 Intangible Assets

	Consolidated Group As at 31-Dec-16 \$000	As at 30-Jun-16 \$000
Goodwill:		
Cost	12,809	7,911
Accumulated impaired losses	-	-
	<u>12,809</u>	<u>7,911</u>
Leases:		
Cost	1,496	-
Accumulated amortisation and impairment losses	(34)	-
	<u>1,462</u>	<u>-</u>
Trademarks, trade names and licences:		
Cost	12,154	5,344
Accumulated amortisation and impairment losses	-	-
	<u>12,154</u>	<u>5,344</u>
Computer software:		
Cost	816	813
Accumulated amortisation and impairment losses	(582)	(491)
	<u>234</u>	<u>322</u>
Customer relationships and other intangible assets		
Cost	11,976	4,815
Accumulated amortisation	(706)	(396)
	<u>11,270</u>	<u>4,419</u>
Total intangibles	<u>37,929</u>	<u>17,996</u>

a) Movements in Carrying Amounts

	Goodwill \$000	Leases \$000	Trademarks, trade names & licences \$000	Computer Software \$000	Customer relationships and other \$000	Total \$000
Opening balance	7,911	-	5,344	322	4,419	17,996
Additions through business combinations	4,898	1,496	6,810	-	7,146	20,350
Additions	-	-	-	3	114	117
Disposals	-	-	-	-	-	-
Transfers between classes	-	-	-	-	-	-
Amortisation expense	-	(34)	-	(91)	(409)	(534)
Closing balance	12,809	1,462	12,154	234	11,270	37,929

7 Issued Capital

	Consolidated Group As at 31-Dec-16 \$000	As at 30-Jun-16 \$000
434,044,336 (June 2016: 396,301,350) fully paid ordinary shares	83,825	65,231
At the beginning of the reporting period	No. 396,301,350	No. 293,729,700
Shares issued during the period	37,742,986	102,571,650
Balance at the end of the reporting period	<u>434,044,336</u>	<u>396,301,350</u>

In October 2016, 37,742,986 shares were issued at \$0.52 each on the basis of 2 shares for every 21 shares held plus an institutional component. \$19.63M was raised less transaction costs of approximately \$1.03M.

Skydive the Beach Group Limited and Controlled Entities
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Notes to the consolidated financial statements
for the half year ended 31 December 2016

8 Segment information

Identification of reportable segments

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

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

The Group has identified the following reportable segments:

- Australia
- New Zealand

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

(i) Segment performance

	Australia \$000	New Zealand \$000	Total \$000
31 December 2016			
Revenue			
Sales revenue	27,147	11,951	39,098
Other income	214	6	220
Total segment revenue	27,361	11,957	39,318
Reconciliation of segment result to group net profit/loss before tax			
Segment net profit loss before tax	2,356	2,777	5,133
Inter-segment elimination			-
Net profit before tax from continuing operations	2,356	2,777	5,133
Income tax expense	(513)	(994)	(1,507)
Total profit/(loss) after tax	1,843	1,783	3,626
Finance costs	398	524	922
Inter-segment elimination	-	-	(517)
Total finance costs	398	524	405
Depreciation and amortisation expense	1,845	790	2,635
31 December 2015			
Revenue			
Sales revenue	22,022	2,553	24,575
Other income	349	2	351
Inter-segment sales	-	-	(124)
Total segment revenue	22,371	2,555	24,802
Reconciliation of segment result to group net profit/loss before tax			
Segment net profit loss before tax	1,981	810	2,791
Income tax expense	(187)	36	(151)
Total profit after tax	1,794	846	2,640
Finance costs	315	124	439
Inter-segment elimination	-	-	(124)
Total Finance costs	315	124	315
Depreciation and amortisation expense	1,315	104	1,419

(ii) Segment assets

31 December 2016			
Segment assets	99,787	13,569	113,356
30 June 2016			
Segment assets	84,717	3,091	87,808

(iii) Segment liabilities

31 December 2016			
Segment liabilities	21,200	3,661	24,861
30 June 2016			
Segment liabilities	16,618	1,143	17,761

Skydive the Beach Group Limited and Controlled Entities
ACN: 167 320 470

Notes to the consolidated financial statements
for the half year ended 31 December 2016

9 Contingent Assets and Contingent Liabilities

The Group had no contingent assets or contingent liabilities as at 31 December 2016

10 Events After the End of the Period

No events after end of the period

11 Company Details

The registered office and principal place of business is:

1/51 Montague Street
NORTH WOLLONGONG NSW 2500

Skydive the Beach Group Limited and Controlled Entities

ACN 167 320 470

Directors' Declaration

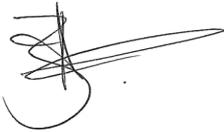
In accordance with a resolution of the directors of Skydive the Beach Group Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 13:

(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 2016 and of its performance for the period ended on that date.

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



Anthony Boucaut
Managing Director
Dated: 20 February 2017



Anthony Ritter
Chief Executive Officer

RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
SKYDIVE THE BEACH GROUP LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Skydive the Beach Group Limited which comprises the statement of financial position as at 31 December 2016, 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 2016 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 Skydive the Beach 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 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.

THE POWER OF BEING UNDERSTOOD
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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 Skydive the Beach Group 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 Skydive the Beach Group 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 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS


G N SHERWOOD
Partner

Sydney, NSW
Dated: 20 February 2017

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Skydive the Beach Group Limited for the half year ended 31 December 2016, 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

RSM AUSTRALIA PARTNERS

G N Sherwood GNS
G N SHERWOOD
Partner

Sydney NSW

Dated: 20 February 2017

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