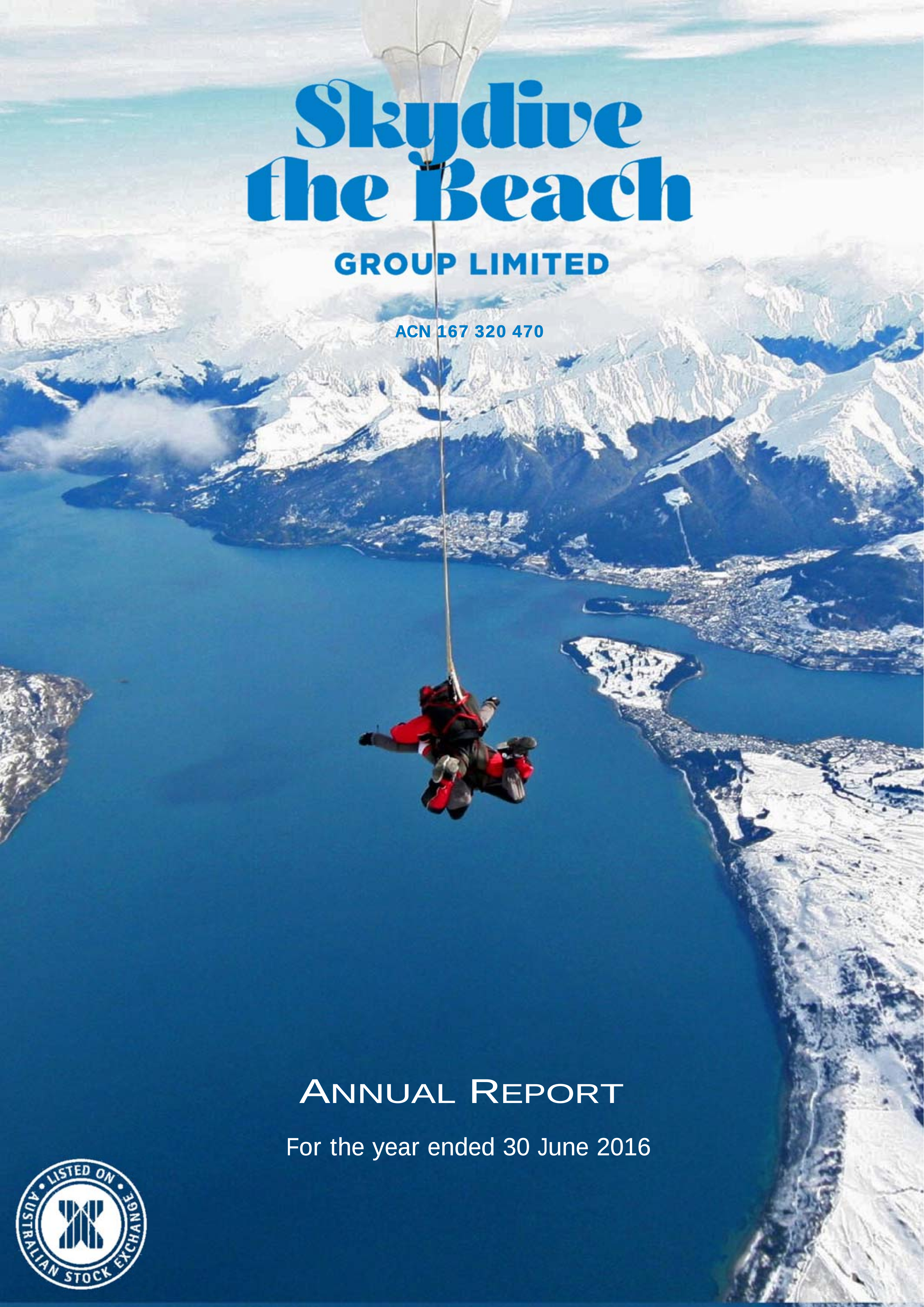

Skydive the Beach

GROUP LIMITED

ACN 167 320 470

Annual Report

For the year ended 30 June 2016

LISTED ON AUSTRALIAN STOCK EXCHANGE

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

Annual Report
For The Year Ended 30 June 2016

CONTENTS

Skydive the Beach Group Limited and Controlled Entities
ACN: 167 320 470
Chairman's Letter

Dear shareholders,

On behalf of the Board of Directors of Skydive the Beach Limited, I am pleased to present Skydive the Beach Group Limited's ("Skydive") Annual Report for the 12 months ending 30 June 2016.

The financial year ending 30 June 2016 has seen the delivery of the following milestones:

- First full year of trading as a publicly listed company;
- Net profit after tax of $7.158M, representing an increase of 190% on prior year;
- Acquisition of NZone Skydive in Queenstown, New Zealand the Skydive Group's first international acquisition;
- Completion of two capital raisings totalling $34.6M, both over-subscribed;
- Payment of Skydive's maiden dividend of $0.01 per share and declaration of a dividend of $0.01 per share for the financial year ending 30 June 2016.

I would like to thank my fellow Board members, the Management team, our staff and our trading partners for their contributions to the outstanding results achieved during the year.

I am very grateful to our shareholders for their strong support during the year and I look forward to another highly successful year in 2017.

Yours sincerely

William J Beerworth
Chairman

Skydive the Beach Group Limited and Controlled Entities
ACN: 167 320 470
CEO's Report

Dear shareholders,

FY2016 was a successful year:

- Revenue at $58.5m was up by 122% compared to last year
- EBITDA* at $13.5m was up by 123% compared to last year
- Tandem jumps totalling 61,069 were up 126% compared to last year
- NZone Skydive acquisition was completed in October 2015, Skydive Group's first international acquisition.

* 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 net profit after income tax for the financial year ended 30 June 2016 is included in the Director's Report.

Operational Performance

We have established a sound base for the future and have delivered on our FY2016 strategic priorities.

The acquisition of NZone Skydive in October 2015 expanded our operational footprint by an additional 2 drop zones and provided us with a diverse international portfolio of assets and drop zones, delivering on Skydive Groups' strategy of acquisitions, diversification and efficiencies.

We have continued to upgrade our aircraft fleet to improve flight cycle times, capacity, increased fuel and maintenance savings.

We have successfully achieved requirements and documentation for an airfreight business registration. An Air Operators Certificate (AOC) was received during the year.

Financial Performance

Our key operating metrics demonstrated solid growth with bookings up 123%, tandems up 126%, revenue up 122% and EBITDA up 123%, when compared to FY2015.

Market Environment

SKB is a leading adventure tourism and leisure company across Australia and continues to operate in an exciting market experiencing strong growth.

The leisure industry continued to expand strongly in FY2016 supported by a strong increase in international visitors to Australia and New Zealand.

A key market indicator industry report indicated the industry grew at an CAGR of approximately 8% over the past 6 years in Australia and New Zealand.

Outlook

The acquisition of Skydive Wanaka on 1 July 2016 provides a sound base for delivering future growth in New Zealand, and for the Skydive Group overall.

On behalf of all my colleagues, I thank you all for your continued support and contributions over the year.

Anthony Boucaut
Executive Director and Chief Executive Officer

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

Your 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 financial year ended 30 June 2016.

General Information

Directors

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

William Beerworth
Anthony Boucaut
Anthony Ritter
John Diddams
Colin Hughes appointed 9 June 2016
Dr. Nigel Finch resigned 31 January 2016
Timothy Radford resigned 9 June 2016

Particulars of each Director's experience and qualifications are set out later in this report.

Principal Activities

The principal activity of the consolidated group during the financial year was the provision of skydiving experiences to the public, including tandem skydiving, night tandem skydiving, learn to skydive courses, and skydive skill development camps.

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

Operating Results and Review of Operations

As at 30 June 2016, Skydive the Beach Group Limited operated 15 skydiving drop zones in Australia and 2 in New Zealand. In Australia, the skydiving drop zones are across New South Wales, Queensland, Victoria and Western Australia, while the two New Zealand skydiving drop zones are located in Queenstown and Glenorchy.

	Year ended 30-Jun-16 $'000	Year ended 30-Jun-15 $'000
Earnings before interest, taxes, depreciation and amortisation (EBITDA) *	13,457	6,025
Less: Depreciation and amortisation	(3,599)	(1,388)
Less: Finance costs	(669)	(582)
Profit before tax	9,189	4,055
Income tax expense	(2,031)	(1,587)
Net profit for the year after tax	7,158	2,468

* 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 financial year ended 30 June 2016 is included below.

The EBITDA for the year ended 30 June 2016 increased by 123.4% when compared to the year ended 30 June 2015. When comparing the EBITDA for the 12 months to 30 June 2016 set out below is the number of months trading from acquisitions year on year:

	30-Jun-16	30-Jun-15
Australia Skydive Pty Ltd purchased on 31 March 2015	12 months	3 months
NZone Skydive purchased on 30 October 2015	8 months	Nil

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

i. On 20 October 2015, the Group successfully raised $19.5 million in an accelerated non-renounceable entitlement issue (ANREO) to both institutional and retail investors and shareholders.
ii. On 30 October 2015, Skydive (New Zealand) Ltd, a wholly-owned subsidiary, acquired all the shares in Skydive Queenstown Ltd, Skydive Glenorchy Ltd and Parachute Adventure Queenstown Ltd, being companies registered and trading within New Zealand and collectively known and marketed as NZone Skydive, for the consideration of NZ$17million, including the purchase of loan accounts of NZ$2,021,902.
iii. On 20 June 2016, the Group raised an additional $15 million in a share placement issue from institutional investors and shareholders, a substantial amount of which was used to acquire Skydive Wanaka (refer to note 31).

Dividends Paid or Recommended

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

- On 30 October 2015, a fully franked dividend of $0.01 per share was paid out of retained profits at 30 June 2015, amounting to $2,937,297.
- The Directors have declared a final and fully franked dividend of $0.01 per share, amounting to $3,963,014, payable on 30 September 2016. For the purposes of determining any entitlement to the dividend, the record date has been set as 20 September 2016.

Information relating to Directors and Company Secretary

William Beerworth	— Independent Non-Executive Director and Chairman
Qualifications	— BA LLB (Sydney), LLM SJD (Virginia), MCOM (NSW), MBA (Macquarie), member of the NSW Law Society, FAICD, FCPA and CTA
Experience	— An investment banker and corporate solicitor, Bill was educated in Australia and the United States and has a career spanning more than 40 years. Bill held a number of senior positions before establishing Beerworth+Partners Limited, a corporate advisory firm specialising in corporate strategy, M&A, and foreign investment and is the Australian member of Global M&A, an international partnership of leading independent investment banks.
Interest in Options	— 500,000 options
Special Responsibilities	— Chairman of the Remuneration and Nomination Committee, member of the Audit and Risk Committee and member of the Acquisitions Committee
Directorships held in other listed entities during the three years prior to the current year	— Redhill Education Limited and Contango Capital Partners Limited (resigned 28 June 2014)
Anthony Boucaut	— Executive Director and Chief Executive Officer
Qualifications	— BSC, MAICD, APF
Experience	— Anthony has over 20 years' experience in the skydiving industry and over 25 years' experience in aviation. Anthony's aviation experience during his time in the military and his passion for skydiving played a critical role in the establishment of the Skydive the Beach business in 1999. As a qualified pilot, Anthony not only oversees and guides the business generally, but also overseas the aircraft and aircraft maintenance division within the business.
Interest in Shares	— 179,924,273 ordinary shares
Interest in Options	— 3,000,000 options
Anthony Ritter	— Executive Director and Chief Financial Officer
Qualifications	— BCOM, CA, MAICD
Experience	— Anthony has over 20 years of financial, management and corporate governance experience in various senior management roles in both private and not-for-profit entities. He has been involved with the Skydive the Beach business since 2011 and has demonstrated strong strategic planning, analytical, leadership and financial management skills. He has also played an integral part in successfully applying for a variety of government funding which have assisted in the growth and development of the business.
Interest in Shares	— 3,383,970 ordinary shares
Interest in Options	— 2,500,000 options
Special Responsibilities	— Joint Company Secretary and Chairman of the Acquisitions Committee
John Diddams	— Independent Non-Executive Director
Qualifications	— BCOM, FCPA, FAICD
Experience	— John has over 30 years of financial and management experience in various senior management positions in both private and public companies. John is the principal of a CPA firm that provides corporate advisory services to SME and mid-cap companies, including management of the process to raise equity capital, and the IPO due diligence process.
Interest in Shares	— 3,250,545 ordinary shares
Interest in Options	— 1,500,000 options
Special Responsibilities	— Joint Company Secretary, Chairman of the Audit and Risk Committee, member of the Remuneration and Nomination Committee and member of the Acquisitions Committee
Directorships held in other listed entities during the three years prior to the current year	— Volpara Health Technologies Limited (NZCO 2206198), Martin Aircraft Company Limited (resigned 03/03/2016), Indoor Skydive Australia Group Limited (resigned 30/10/2014).
Colin Hughes	— Non-Executive Director
Qualifications	— MAICD
Experience	— Col has more than 40 years' tourism experience across leading international brands, having worked for a number of leading airline brands and tourism organisations. Col is currently Chairman of Business Events Sydney, an Executive Director of Airline Representation Group, Aviation Online and a Board member for Best Western Hotels Australia. He also serves as a Member on the Board of Trustees for the Travel Compensation Fund.
Interest in Shares and Options	— Nil
Special Responsibilities	— Member of the Audit and Risk Committee and member of the Remuneration and Nomination Committee

Company Secretary

The following persons held the position of company secretary at the end of the financial year:
- John Diddams, appointed 19 December 2013; and
- Anthony Ritter, appointed 17 November 2014

Meetings of Directors

During the financial year, 13 meetings of directors (including committees of directors) were held.

Attendances by each director during the year were as follows:

	Directors' Meetings		Audit and Risk Committee		Remuneration & Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
William Beerworth	10	10	2	2	1	1
Anthony Boucaut	10	10	-	-	-	-
Anthony Ritter	10	9	-	-	-	-
John Diddams	10	10	2	2	1	1
Dr. Nigel Finch	6	3	1	1	1	1
Timothy Radford	10	7	-	-	-	-
Colin Hughes	-	-	-	-	-	-

Options

At the date of this report, the unissued ordinary shares of Skydive the Beach Group Limited under option are as follows

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

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

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

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

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

Events after the Reporting Period

On 1 July 2016, the Group acquired all the share capital and assets of Skydive Wanaka Limited, being a skydiving operation in Wanaka, New Zealand. Consideration for this acquisition was NZ$10.4 million (of which AU$9.948 million was paid as a deposit with the company's solicitors prior to 30 June 2016).

Environmental Issues

The Group's operations are not subject to significant environmental regulation under the law of the Commonwealth and State. The economic entity has established procedures whereby compliance with existing environmental regulations an new regulations are monitored annually. This process includes procedures to be followed should an incident adversely impact the environment. The directors are not aware of any breaches during the period covered by this report.

Corporate Governance Statement

A copy of the Group's corporate governance statement can be found on the website www.skydive.com.au/investors in accordance with ASX Listing Rule 4.10.3.

Indemnifying Officers or Auditor

The company has paid premiums to insure all past, present and future directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of directors of the company, other than conduct involving a wilful breach of duty in relation to the company. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Proceedings on Behalf of Company

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

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

Non-audit Services

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

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

The following fees were paid or payable to RSM Australia for non-audit services provided during the year ended 30 June 2016:

	$
Taxation services	193,153
Due diligence investigations	101,222
	294,375

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 9 of the financial report.

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.

REMUNERATION REPORT

Remuneration policy

The remuneration policy of Skydive the Beach Group Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The board of Skydive the Beach Group Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the high-quality KMP to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated group is as follows:

- The remuneration policy is to be developed by the Remuneration and Nomination Committee and approved by the Board after professional advice is sought from independent external consultants.
- All KMP receive a base salary which is based on factors such as length of service, experience and level of involvement in the business.
- Executive directors are also entitled to receive superannuation, fringe benefits, and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met.
- Incentives paid in the form of options are intended to align the interests of the directors and company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The Remuneration and Nomination Committee reviews KMP packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the consolidated group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

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

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

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Remuneration and Nomination Committee determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for non-executive directors are not linked to the performance of the consolidated group. The maximum aggregate amount of fees that can be paid to non-executive directors must not exceed $750,000 per annum as per the company's constitution and as approved at the 2015 Annual General Meeting (AGM) held on 27 November 2015. This limit may be increased from time to time subject to approval by shareholders at a general meeting.

Options granted under the Board's remuneration policy do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is measured using the Binomial Approximation Option Pricing methodology.

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

In addition, the Board's remuneration policy prohibits directors and KMP from using Skydive the Beach Group Limited shares as collateral in any financial transaction, including margin loan arrangements.

REMUNERATION REPORT (continued)

Remuneration policy (continued)

Engagement of Remuneration Consultants

There were no external remuneration consultants engaged during the year.

Performance-based Remuneration

As part of the remuneration package of each of the executive directors, there is a performance-based component based on key performance indicators (KPI's) which are set annually. The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Remuneration and Nomination Committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, Skydive the Beach Group Limited bases the assessment on audited figures, including EBITDA.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on KPI, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth into the future.

The following table shows the gross revenue, profits and dividends for the last two years for the listed entity, as well as the share prices at the end of the respective financial years. Information is not available prior to the group's inception on 1 July 2014 as described in note 16(d). Analysis of the actual figures shows an increase in profits year on year as well as the payment of dividends paid to shareholders. The improvement in the company's performance over the last two years has been reflected in the company's share price with an increase this year. The Board is of the opinion that these results can be attributed, in part, to the previously described remuneration policy and is satisfied with the overall upwards trend in shareholder wealth over the past two years.

	2016	2015
Sales revenue ($'000)	58,473	26,320
Net profit for the year ($'000)	7,158	2,468
Earnings per share (cents)	2.10	1.13
Share price at financial year end ($)	0.51	0.31
Dividends paid (cents per share)	0.01	-

Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various short term and long term incentive plans, specifically the incorporation of incentive payments based on the achievement of revenue targets, return on equity ratios, and continued employment with the Group. The objective of the schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders.

The performance related proportions of remuneration based on these targets are included in the following table. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders. There has been no alteration to the terms of the bonuses paid since grant date.

The satisfaction of the performance conditions is based on a review of the audited financial statements of the Group and publicly available market indices, as such figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with any other measures or factors external to the Group at this time.

Employment Details of Members of Key Management Personnel

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

	Position Held as at 30 June 2016 and any change during the year	Contract details (duration & termination)
William Beerworth	Independent non-executive director and Chairman	Duration and termination unspecified.
Anthony Boucaut	Executive director and Chief Executive Officer	Duration unspecified. Termination requires 3 months written notice.
Anthony Ritter	Executive director and Chief Financial Officer	Duration unspecified. Termination requires 3 months written notice.
John Diddams	Independent non-executive director	Duration and termination unspecified.
Dr. Nigel Finch	Independent non-executive director (resigned)	Duration and termination unspecified.
Timothy Radford	Executive director and Chief Operating Officer (resigned)	Duration unspecified. Termination requires 3 months written notice.
Colin Hughes	Independent non-executive director (appointed)	Duration and termination unspecified.

REMUNERATION REPORT (continued)

Employment Details of Members of Key Management Personnel (continued)

	Proportions of Performance-related remuneration			**Portion of Non-performance related remuneration**	
	Non-salary cash-based incentives	Shares/ Units	Options	Fixed Salary/Fees	Total
	%	%	%	%	%
William Beerworth	-	-	-	100%	100%
Anthony Boucaut	33%	-	-	67%	100%
Anthony Ritter	33%	-	-	67%	100%
John Diddams	-	-	-	100%	100%
Dr. Nigel Finch	-	-	-	100%	100%
Timothy Radford	33%	-	-	67%	100%
Colin Hughes	-	-	-	100%	100%

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

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

Changes in Directors and Executives Subsequent to Year-end

There have been no changes in directors or executives since 30 June 2016.

Remuneration Expense Details for the Year Ended 30 June 2016

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

Table of Benefits and Payments for the year ended 30 June 2016

	Short-term benefits				**Post Employment Benefits**	**Long-term benefits**	**Equity-settled share-based payments**	
	Salary, Fees and Leave	Profit Share and bonuses	Non-monetary	Other *	Pension and superannuation	LSL	Options/Rights	**Total**
2016	$	$	$	$	$	$	$	**$**
William Beerworth	165,000	-	-	105,000	-	-	-	270,000
Anthony Boucaut	239,582	125,000	31,726	-	34,635	-	-	430,943
Anthony Ritter	191,666	100,000	18,084	-	27,708	-	-	337,458
John Diddams	156,000	-	-	63,000	-	-	-	219,000
Dr. Nigel Finch	62,500	-	-	-	-	-	-	62,500
Timothy Radford	193,786	100,000	10,046	-	27,524	-	-	331,356
Colin Hughes	-	-	-	-	-	-	-	-
	1,008,534	325,000	59,856	168,000	89,867	-	-	1,651,257

* Amounts included as other short-term benefits represent amounts paid to William Beerworth and John Diddams for services persuant to the acquisitions committee and special projects.

	Short-term benefits				**Post Employment Benefits**	**Long-term benefits**	**Equity-settled share-based payments**	
	Salary, Fees and Leave	Profit Share and bonuses	Non-monetary	Other	Pension and superannuation	LSL	Options/Rights	**Total**
2015	$	$	$	$	$	$	$	**$**
William Beerworth	98,940	-	-	-	-	-	-	98,940
Anthony Boucaut	162,667	-	13,925	-	9,896	-	-	186,488
Anthony Ritter	139,666	-	16,558	-	7,125	-	-	163,349
John Diddams	33,333	-	-	110,000	-	-	-	143,333
Dr. Nigel Finch	35,417	-	-	-	-	-	-	35,417
Timothy Radford	144,595	-	-	-	13,737	-	-	158,332
	614,618	-	30,483	110,000	30,758	-	-	785,859

Securities Received that are not Performance Related

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

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

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

Bonuses included in the table of benefits and payments above were paid to executive directors during the year as a reward for meeting KPI's set out by the Board.

REMUNERATION REPORT (continued)

Options Granted to Key Management Personnel

	Opening balance	Granted during the year	Exercised during the year	Closing balance	Date of expiry	Total Exercisable
William Beerworth	500,000	-	-	500,000	29/01/2025	500,000
Anthony Boucaut	3,000,000	-	-	3,000,000	29/01/2025	1,000,000
Anthony Ritter	2,500,000	-	-	2,500,000	29/01/2025	833,333
John Diddams	1,500,000	-	-	1,500,000	29/01/2025	1,500,000
Dr. Nigel Finch	300,000	-	-	300,000	29/01/2025	300,000
Timothy Radford	2,500,000	-	-	2,500,000	29/01/2025	833,333
Colin Hughes	-	-	-	-		
	10,300,000	-	-	10,300,000		4,966,666

Note 1 The fair value of options granted as remuneration and as shown in the above table has been determined in accordance with Australian accounting standards and will be recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting are satisfied.

Note 2 There were no options exercised during the year.

KMP Shareholdings

The number of ordinary shares in Skydive the Beach Group Limited held by each KMP of the Group at the end of the financial year is as follows:

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Charges during the Year	Balance at End of Year
William Beerworth	-	-	-	-	-
Anthony Boucaut	179,817,245	-	-	107,028	179,924,273
Anthony Ritter	3,383,970	-	-	-	3,383,970
John Diddams	3,300,545	-	-	(50,000)	3,250,545
Dr. Nigel Finch	40,000	-	-	-	40,000
Timothy Radford	7,267,940	-	-	-	7,267,940
Colin Hughes	-	-	-	-	-
	193,809,700	-	-	57,028	193,866,728

Other Equity-related KMP Transactions

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

Loans to KMP

The Group has unsecured loans to Boucaut Enterprises Pty Limited, a related entity associated with Anthony Boucaut for a total of $1,783,362 which expire on 28 February 2021 and 30 June 2023, details of which can be found at note 30(c).

	$'000
Balance at beginning of the year	2,035
Loans advanced	185
Loan repayment received	(507)
Interest charged	70
Balance at end of the year	1,783

Other transactions with KMP and/or their related parties

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

END OF REMUNERATION REPORT

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

Anthony Boucaut
Chief Executive Director

Anthony Ritter
Chief Financial Officer

Dated: 23 September 2016

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Skydive the Beach Group Limited and controlled entities for the year ended 30 June 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 audit; and

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

RSM

RSM AUSTRALIA PARTNERS

GNS

G N SHERWOOD
Partner

Sydney, NSW
Dated: 23 September 2016

Skydive the Beach Group Limited and Controlled Entities
ACN: 167 320 470
Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2016

	Note	Consolidated Group 2016 $000	Consolidated Group 2015 $000
Sales revenue	4	58,473	26,320
Cost of sales		(31,739)	(13,737)
Gross profit		26,734	12,583
Other income	4	1,262	666
Administrative and corporate expenses		(11,295)	(2,888)
Occupancy expenses		(1,692)	(711)
Depreciation and amortisation expenses		(3,599)	(1,388)
Marketing, advertising and agents commission		(1,347)	(2,913)
Repairs and maintenance expenses		(176)	(271)
Finance costs		(669)	(582)
Other expenses		(29)	(441)
Profit before income tax	5	9,189	4,055
Tax expense	6	(2,031)	(1,587)
Net profit for the year		7,158	2,468
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment, net of tax	6c	(458)	2,844
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax	6c	(101)	-
Other comprehensive income for the year		(559)	2,844
Total comprehensive income for the year		6,599	5,312
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)	10	2.10	1.13
Diluted earnings per share (cents)	10	2.04	1.10

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 30 June 2016

	Note	Consolidated Group 2016 $000	2015 $000
ASSETS			
Current assets			
Cash and cash equivalents	11	12,819	9,235
Trade and other receivables	12	2,483	1,979
Inventories	13	1,486	1,244
Other assets	14	11,999	417
Total current assets		28,787	12,875
Non-current assets			
Trade and other receivables	12	1,495	1,735
Other financial assets	15	27	27
Property, plant and equipment	17	39,503	26,883
Intangible assets	18	17,996	7,624
Total non-current assets		59,021	36,269
Total assets		87,808	49,144
LIABILITIES			
Current liabilities			
Trade and other payables	19	2,662	2,297
Borrowings	21	2,049	1,401
Current tax liabilities	22	3,078	1,021
Provisions	23	606	391
Deferred revenue	20	202	668
Total current liabilities		8,597	5,778
Non-current liabilities			
Borrowings	21	8,297	8,218
Deferred tax liabilities	22	793	1,930
Provisions	23	74	33
Total non-current liabilities		9,164	10,181
Total liabilities		17,761	15,959
Net assets		70,047	33,185
EQUITY			
Issued capital	24	65,231	32,039
Retained earnings		6,689	2,468
Reserves	25	(1,873)	(1,322)
Total equity		70,047	33,185

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 year ended 30 June 2016

	Note	Issued Capital	Retained Earnings	Asset Revaluation Reserve	Common Control Reserve	Share Option Reserve	Foreign Currency Translation Reserve	Total
		$000	$000	$000	$000	$000	$000	$000
Consolidated Group								
Balance at 1 July 2014		27	-	-	-	-	-	27
Comprehensive income								
Profit for the year		-	2,468	-	-	-	-	2,468
Other comprehensive income for the year	25(e)	-	-	2,844	-	-	-	2,844
Total comprehensive income for the year		-	2,468	2,844	-	-	-	5,312
Transactions with owners, in their capacity as owners, and other transfers								
Shares issued during the year		33,428	-	-	-	-	-	33,428
Transaction costs	16(d)	(1,416)	-	-	-	-	-	(1,416)
Common control group reorganisation		-	-	-	(4,171)	-	-	(4,171)
Employee share options issued		-	-	-	-	5	-	5
Total transactions with owners and other transfers		32,012	-	-	(4,171)	5	-	27,846
Balance at 30 June 2015		32,039	2,468	2,844	(4,171)	5	-	33,185
Balance at 1 July 2015		32,039	2,468	2,844	(4,171)	5	-	33,185
Comprehensive income								
Profit for the year		-	7,158	-	-	-	-	7,158
Other comprehensive income for the year	25(e)	-	-	(458)	-	-	(101)	(559)
Total comprehensive income for the year		-	7,158	(458)	-	-	(101)	6,599
Transactions with owners, in their capacity as owners, and other transfers								
Shares issued during the year		35,058	-	-	-	-	-	35,058
Transaction costs		(1,866)	-	-	-	-	-	(1,866)
Dividends recognised for the year	9	-	(2,937)	-	-	-	-	(2,937)
Employee share options issued		-	-	-	-	8	-	8
Total transactions with owners and other transfers		33,192	(2,937)	-	-	8	-	30,263
Balance at 30 June 2016		65,231	6,689	2,386	(4,171)	13	(101)	70,047

The accompanying notes form part of these financial statements.

Skydive the Beach Group Limited and Controlled Entities
ACN: 167 320 470
Consolidated Statement of Cash Flows
for the year ended 30 June 2016

	Note	Consolidated Group 2016 $000	Consolidated Group 2015 $000
Cash flows from operating activities			
Receipts from customers		59,219	25,317
Payments to suppliers and employees		(48,268)	(20,115)
Finance costs		(669)	(582)
Income tax paid		(853)	(1,273)
Net cash provided by operating activities *	27a	9,429	3,347
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,060	60
Purchase of property, plant and equipment		(12,288)	(5,049)
Purchase of other non-current assets		-	(253)
Payments for investments in subsidiaries *	27b	(25,620)	(8,621)
Cash acquired in the group reorganisation		-	1,192
Cash acquired in business acquisitions		243	195
Net cash used in investing activities		(36,605)	(12,476)
Cash flows from financing activities			
Proceeds from issue of shares		34,522	25,000
Transaction costs associated with share issue		(1,803)	(2,023)
Proceeds from borrowings		2,335	1,596
Repayment of borrowings		(1,609)	(4,781)
Dividends paid by parent entity		(2,937)	-
Loans to related parties		(255)	(1,445)
Loan repayments from related parties		507	-
Net cash provided by financing activities		30,760	18,347
Net increase in cash held		3,584	9,218
Cash and cash equivalents at beginning of financial year		9,235	17
Cash and cash equivalents at end of financial year	11	12,819	9,235

* As disclosed in note 35, the amounts above differ to those released in the Appendix 4E Preliminary Final Report due to the exclusion of shareholder loans acquired from the original calculation for payments for investments in subsidiaries.

The accompanying notes form part of these financial statements.

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

The financial statements were authorised for issue on 23 September 2016 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

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

Historical Cost Convention

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

Critical Accounting Estimates

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

Parent entity information

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

(a) Principles of Consolidation

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

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

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

Business Combinations

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

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

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

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

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

Common Control Transaction "Pooling of Interest Method"

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

It has been determined that the group reorganisation disclosed in note 16(d) is a common control transaction as the companies which formed part of the group following the reorganisation are substantially owned by interests associated with the founder, Anthony Boucaut. As a result the accounting treatment under the "pooling of interest method" has been applied as follows:

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

Note 1 Summary of Significant Accounting Policies (continued)

(a) Principles of Consolidation (continued)

Goodwill

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

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

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

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

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

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

Refer to Note 16 for information on the goodwill policy adopted by the Group for acquisitions.

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

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

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

(b) Income Tax

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

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

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

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

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

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

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

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

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

Tax Consolidation - Australia

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

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

Note 1 Summary of Significant Accounting Policies (continued)

(b) Income Tax (continued)

Tax Consolidation - New Zealand

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

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

(c) Revenue and Other Income

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

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

Interest revenue is recognised using the effective interest method.

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

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

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

(d) Borrowing Costs

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

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

(e) Cash and Cash Equivalents

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

(f) Trade and Other Receivables

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

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

(g) Inventories

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

(h) Property, Plant and Equipment

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

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

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

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

Note 1 Summary of Significant Accounting Policies (continued)

(h) Property, Plant and Equipment (continued)

Plant and equipment

Recognition and measurement

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

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

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

Subsequent expenditure

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate	Residual Value (%)
Aircraft frames	5.0%	0-40%
Aircraft engines	Engine hours *	0-40%
Motor vehicles	10.0%	0%
Leasehold improvements	2.5%	0%
Office equipment	25.0%	0%
Plant and equipment	25.0%	0%
Buildings	2.5%	0%

* Engine hours vary depending on the type of engine, but useful lives are generally between 5000 to 7000 hours.

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

During the year the group reassessed the useful lives and residual values of its aircraft. Values were assigned to engines which are depreciated based on the hours in use while aircraft frames continue to be depreciated to their residual values over 20 years. Residual values were also re-estimated in the year under review. These changes represent a change in accounting estimates however, the effect of the changes in the current period is not material. The total estimated residual value for aircraft is estimated at $4.9 million and the total depreciation expense in future periods will therefore be reduced by the same amount over the useful life of the aircraft.

Maintenance and overhaul costs

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

The costs of subsequent major cyclical maintenance checks for owned and leased aircraft (including operating leases) are recognised and depreciated over the shorter of the scheduled usage period to the next major inspection event or the remaining life of the aircraft or lease term (as appropriate).

All other maintenance costs are expensed as incurred.

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

(i) Intangibles Other than Goodwill

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

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful lives ranging from 3 to 5 years.

Trade names

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

Customer relationships

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

Note 1 Summary of Significant Accounting Policies (continued)

(i) Intangibles Other than Goodwill (continued)

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

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

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

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

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

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

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

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

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

(m) Employee Benefits

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

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

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

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

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

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

Note 1 Summary of Significant Accounting Policies (continued)

(m) Employee Benefits (continued)

Termination benefits

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

Equity-settled compensation

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

(n) Provisions

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

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

(o) Deferred Revenue

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

(p) Borrowings

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

(q) Leases

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

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

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

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

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

(r) Issued Capital

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

(s) Dividends

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

(t) Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

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

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

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

Note 1 Summary of Significant Accounting Policies (continued)

(t) Foreign Currency Transactions and Balances (continued)

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

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

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

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

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

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

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

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

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

(v) Financial Instruments

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

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

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

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

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

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

(i) Financial assets at fair value through profit or loss
Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

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

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

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

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

Note 1 Summary of Significant Accounting Policies (continued)

(u) Financial Instruments (continued)

(iv) Available-for-sale investments

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

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

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

(v) Financial Liabilities

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

Derivative instruments

The Group designates certain derivatives as either:
(i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
(ii) hedges of highly probable forecast transactions (cash flow hedge).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the group's risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items are also documented.

(i) *Fair value hedge*
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

(ii) *Cash flow hedge*
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in the hedge reserve in equity are transferred to profit or loss in the periods when the hedged item affects profit or loss.

Impairment

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

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

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

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

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

Financial Guarantees

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

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

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

Derecognition

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

Note 1 Summary of Significant Accounting Policies (continued)

(w) Earnings Per Share

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

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

(x) Goods and Services Tax (GST)

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

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

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

(y) Operating Segments

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

(z) Comparative Figures

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

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

(aa) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100. Accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest $1,000.

(ab) New Accounting Standards for Application in Future Periods

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

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

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

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

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

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

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

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

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

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact. The total impact of AASB15 is not expected to have a material effect on the results of the group as a whole.

Note 1 Summary of Significant Accounting Policies (continued)

(aa) New Accounting Standards for Application in Future Periods (continued)

— AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

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

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

The directors anticipate that the adoption of AASB 16 will impact the Group's financial statements with the effect being the likely inclusion of an asset and corresponding liability of $1.6 million as per Note 28(b).

— AASB 2014-3: *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations* (applicable to annual reporting periods beginning on or after 1 January 2016).

This Standard amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

The application of AASB 2014-3 will result in a change in accounting policies for the above described transactions, which were previously accounted for as acquisitions of assets rather than applying the acquisition method per AASB 3.

The transitional provisions require that the Standard should be applied prospectively to acquisitions of interests in joint operations occurring on or after 1 January 2016. As at 30 June 2016, management is not aware of the existence of any such arrangements that would impact the financial statements of the entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of AASB 2014-3.

— AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*).

This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3 to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact, however it is not expected to have any material effect.

Note 2 Critical Accounting Estimates and Judgements

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

(a) Impairment - General

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

The impairment assessment uses forecast pre-tax EBITDA as an approximation of future cash flows which are based on the Group's latest financial forecast. Growth rates of 3% have been factored into valuation models for the next five years on the basis of management's expectations regarding the Group's continued ability to capture market share from competitors. Cash flow growth rates of 2% subsequent to this period have been used as this reflects historical industry averages. The rates used incorporate an allowance for inflation. Pre-tax discount rates of 15% have been used in all models.

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

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

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

(c) Revaluation of property, plant and equipment

The Group carries its aircraft at revalued amounts as at 30 June 2015, additions are carried at cost, with changes in fair value being recognised in the asset revaluation reserve in equity. The Group engaged an independent valuation specialist to assess the fair value of the aircraft as at 30 June 2015. The valuation methodology was performed on a sight unseen basis using market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the assets. The key assumptions used to determine the fair value of assets are provided in Note 34.

(d) Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(e) Employee benefits provision

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

(f) Business combinations

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

The purchase price in respect of the acquisition of Australia Skydive Pty Limited is to be adjusted by a working capital allowance referred to as the "SCACL Adjustment". The amount is currently being negotiated and the Director's have used their judgement to determine the amounts due in this regard. The final settlement of this amount may differ to the amounts provided for, in which case the goodwill will be adjusted accordingly.

(g) Fair value measurement hierarchy

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

Note 2 Critical Accounting Estimates and Judgements (continued)

(h) Deferred revenue

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

Note 3 Parent Information

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

	2016 $000	2015 $000
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	51,739	23,959
Non-current Assets	10,650	8,867
TOTAL ASSETS	62,389	32,826
LIABILITIES		
Current Liabilities	3,269	1,159
Non-current Liabilities	24	2
TOTAL LIABILITIES	3,293	1,161
EQUITY		
Issued Capital	65,231	32,037
Retained earnings	(6,148)	(377)
Reserves	13	5
TOTAL EQUITY	59,096	31,665
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total profit	(4,020)	(339)
Total comprehensive income	(4,020)	(339)

Guarantees

No financial guarantees have been entered into by the parent entity.

Contingent liabilities

There were no contingent liabilities as at 30 June 2015 or 30 June 2016.

Contractual commitments

There were no contractual commitments as at 30 June 2015 or 30 June 2016.

Note 4 Revenue and Other Income

	Note	Consolidated Group 2016 $000	2015 $000
Sales revenue			
— sale of goods		58,473	26,320
Other revenue			
— interest received		140	72
— other revenue		1,122	594
		1,262	666
Total revenue		59,735	26,986
Interest revenue from:			
— directors	30(c)	70	15
— other persons		70	57
Total interest revenue on financial assets not at fair value through profit or loss		140	72

Note 5 Profit for the Year

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

Cost of sales		31,739	13,737
Interest expense on financial liabilities not at fair value through profit or loss:			
— Unrelated parties		637	582
Total interest expense		637	582
— Other finance costs		32	-
Total finance cost		669	582
Foreign currency translation gains		47	-
Employee benefits expense		11,637	6,549
Bad and doubtful debts:			
— trade receivables		197	5
Total bad and doubtful debts		197	5
Rental expense on operating leases			
— minimum lease payments		1,563	686
Loss on disposal of property, plant and equipment		117	-
Depreciation and amortisation expense		3,599	1,388

Note 6 Tax Expense

(a) The components of tax (expense) income comprise:

Current tax		2,970	1,176
Deferred tax	22	(939)	355
Under provision in respect of prior years		-	56
		2,031	1,587

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2015: 30%)	2,757	1,216
Add:		
Tax effect of:		
— non-deductible depreciation and amortisation	182	7
— non-allowable items	21	19
— deductible acquisition costs	91	-
— assessable income received in advance	31	-
— deductible maintenance costs	(63)	-
	3,019	1,242
Less:		
Tax effect of:		
— under provision of tax from prior years	-	56
— recognition of deferred tax balances	(937)	286
— cancellation of prior year losses	-	3
— impact of foreign exchange differences	8	-
— impact of lower tax rates applicable to New	(59)	-
Income tax attributable to entity	2,031	1,587
The applicable weighted average effective tax rates are as follows:	22.1%	39.1%

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

		2016			2015		
Consolidated Group	Note	Before-tax amount $000	Tax (expense) benefit $000	Net-of-tax amount $000	Before-tax amount $000	Tax (expense) benefit $000	Net-of-tax amount $000
Revaluation of property, plant and equipment		(654)	196	(458)	4,063	(1,219)	2,844
Exchange differences on translating foreign operations	25	(101)	-	(101)	-	-	-
		(755)	196	(559)	4,063	(1,219)	2,844

Note 7 Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2016.

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

	2016 $000	2015 $000
Short-term employee benefits	1,561	755
Post-employment benefits	90	31
Other long term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total KMP compensation	1,651	786

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

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

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

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

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

Note 8 Auditor's Remuneration

	Consolidated Group	
	2016 $000	2015 $000
Remuneration of the auditor for:		
— auditing or reviewing the financial report	182	202
— taxation services	193	124
— due diligence services	101	395
	476	721

Note 9 Dividends

Dividends paid On 30 October 2015, a fully franked dividend of $0.01 per share was paid out of retained profits at 30 June 2015	2,937	-

(a) The Directors have declared a final and fully franked dividend of $0.01 per share, amounting to $3,963,014, payable on 30 September 2016. For the purposes of determining any entitlement to the dividend, the record date has been set as 20 September 2016.

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

— payment of provision for income tax	885	1,924
Subsequent to year-end, the franking account would be reduced by the proposed dividend reflected per (a) as follows:	(1,698)	(1,259)
	(813)	665

(c) Net balance in (b) above excludes franking credits arising from tax payments made subsequent to 30 June 2016.

Note 10 Earnings Per Share

(a) Earnings used to calculate basic and diluted EPS	7,158	2,468
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	341,351,567	219,124,111
Weighted average number of dilutive options outstanding	10,300,000	4,322,466
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	351,651,567	223,446,577
Basic earnings per share (cents)	2.10	1.13
Diluted earnings per share (cents)	2.04	1.10

Note 11 Cash and Cash Equivalents

Cash at bank and on hand	12,796	4,235
Short-term bank deposits	23	5,000
33	12,819	9,235

The effective interest rate on short-term bank deposits was 3.7% (2015: 2.3% p.a); these deposits have an average maturity of 365 days.

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

Cash and cash equivalents	12,819	9,235
	12,819	9,235

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

Note 12 Trade and Other Receivables

	Note	Consolidated Group 2016 $000	Consolidated Group 2015 $000
CURRENT			
Trade receivables		1,229	1,534
Provision for impairment	12a	(3)	(16)
		1,226	1,518
Other receivables		969	161
Amounts receivable from related parties			
— directors of parent entity	30	288	300
Total current trade and other receivables		2,483	1,979
NON-CURRENT			
Amounts receivable from related parties:			
— directors of parent entity	30	1,495	1,735
Total non-current trade and other receivables		1,495	1,735

(a) **Provision For Impairment of Receivables**
Movement in the provision for impairment of receivables is as follows:

Consolidated Group	Opening Balance 01.07.14 $000	Charge for the Year $000	Amounts Written Off $000	Closing Balance 30.06.15 $000
Current trade receivables	-	16	-	16
	-	16	-	16

Consolidated Group	Opening Balance 01.07.15 $000	Charge for the Year $000	Amounts Written Off $000	Closing Balance 30.06.16 $000
Current trade receivables	16	197	(210)	3
	16	197	(210)	3

Credit risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within Note 12. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

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

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

Consolidated Group			Past due but not impaired (days overdue)				
	Gross Amount	Past due and impaired	<30	31-60	61-90	>90	Within initial trade terms
2016	$000	$000	$000	$000	$000	$000	$000
Trade and term receivables	1,229	3	192	114	59	93	768
Other receivables	969	-	-	-	-	-	969
Total	2,198	3	192	114	59	93	1,737

Consolidated Group			Past due but not impaired (days overdue)				
	Gross Amount	Past due and impaired	<30	31-60	61-90	>90	Within initial trade terms
2015	$000	$000	$000	$000	$000	$000	$000
Trade and term receivables	1,534	16	403	127	216	-	772
Other receivables	161	-	-	-	-	-	161
Total	1,695	16	403	127	216	-	933

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

(c) **Financial Assets Classified as Loans and Receivables**	Note	Consolidated Group 2016 $000	Consolidated Group 2015 $000
Trade and other Receivables			
— Total current		2,483	1,979
— Total non-current		1,495	1,735
Total financial assets classified as loans and receivables	33	3,978	3,714

(d) **Collateral Pledged**
A floating charge over trade receivables has been provided for certain debts. Refer to Note 21 for further details.

Note 13 Inventories

	Note	Consolidated Group 2016 $000	2015 $000
CURRENT			
At cost:			
Raw materials, spares and merchandise		1,486	1,244

Note 14 Other Assets

		2016	2015
CURRENT			
Prepayments		1,693	180
Deposits paid for business acquisitions not yet completed		9,948	-
Other current assets		358	237
		11,999	417

On 1 July 2016, the Group acquired all the share capital and assets of Skydive Wanaka Limited, being a skydiving operation in Wanaka, New Zealand. Consideration for this acquisition was NZ$10.4 million (of which AU$9.948 million was paid as a deposit with the company's solicitors prior to 30 June 2016).

Note 15 Other Financial Assets

	Note	2016	2015
NON-CURRENT			
Available-for-sale financial assets	15a	27	27
Total non-current assets		27	27

(a) **Available-for-sale financial assets**

	Note	2016	2015
NON-CURRENT			
Unlisted investments, at cost			
— shares in other corporations		27	27
Total available-for-sale financial assets	33	27	27

Note 16 Interests in Subsidiaries

(a) **Information about Principal Subsidiaries**

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

Name of subsidiary	Principal place of business	Ownership interest 2016 (%)	2015 (%)
Aircraft Maintenance Centre Pty Ltd	Australia	100%	100%
Australia Skydive Pty Ltd	Australia	100%	100%
B & B No 2 Pty Ltd	Australia	100%	100%
Bill & Ben Investments Pty Ltd	Australia	100%	100%
Skydive Holdings Pty Ltd	Australia	100%	100%
Skydive the Beach and Beyond Airlie Beach Pty Ltd	Australia	100%	100%
Skydive the Beach and Beyond BB Pty Ltd	Australia	100%	100%
Skydive the Beach and Beyond Central Coast Pty Ltd	Australia	100%	100%
Skydive the Beach and Beyond Great Ocean Road Pty Ltd	Australia	100%	100%
Skydive the Beach and Beyond Hunter Valley Pty Ltd	Australia	100%	100%
Skydive the Beach and Beyond Melbourne Pty Ltd	Australia	100%	100%
Skydive the Beach and Beyond Newcastle Pty Ltd	Australia	100%	100%
SBB Trading Pty Ltd (formerly known as Skydive the Beach and Beyond Perth Pty Ltd)	Australia	100%	100%
Skydive the Beach and Beyond Sydney Wollongong Pty Ltd	Australia	100%	100%
Skydive the Beach and Beyond Yarra Valley Pty Ltd	Australia	100%	100%
Skydive.com.au Pty Ltd	Australia	100%	100%
STBAUS Pty Ltd	Australia	100%	100%
Skydive International Holdings Pty Ltd	Australia	100%	0%
Skydive Investments Pty Ltd	Australia	100%	0%
Skydive (New Zealand) Limited	New Zealand	100%	0%
Skydive Queenstown Limited	New Zealand	100%	0%
Skydive Glenorchy Limited	New Zealand	100%	0%
Parachute Adventure Queenstown Limited	New Zealand	100%	0%

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

Note 16 Interests in Subsidiaries (continued)

(b) **Significant Restrictions**

Other than those mentioned in note 21, there are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

(c) **Acquisition of Controlled Entities**

NZone Skydive

On 30 October 2015, Skydive (New Zealand) Ltd, a wholly-owned subsidiary, acquired all the shares in Skydive Queenstown Ltd, Skydive Glenorchy Ltd and Parachute Adventure Queenstown Ltd, being companies registered and trading within New Zealand and collectively known and marketed as NZone Skydive, for the consideration of NZ$17 million, including the purchase of loan accounts of NZ$2,021,902.

	Fair value $000
Fair value of purchase consideration:	
Cash	15,672
Loans acquired (i)	(1,922)
Shares issued (ii)	473
	14,223
Less:	
Current assets	542
Non current assets	11,460
Current liabilities	(521)
Non current liabilities	(1,822)
Identifiable assets acquired and liabilities assumed	9,659
Goodwill (iii)	4,564

(i) Under the sale and purchase agreement, shareholder loans to the value of NZ$2,021,902 were transferred to Skydive (New Zealand) Limited effectively reducing goodwill.

(ii) Part of the consideration was settled through the issue of 1,576,974 shares in Skydive the Beach Group Limited at 30 cents per share.

(iii) The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of NZone Skydive.

Included within administration expenses in the statement of profit or loss are acquisition-related costs totalling $174,195. The costs include advisory, legal, accounting and other professional fees.

Australia Skydive

On 31 March 2015, Skydive the Beach and Beyond Sydney-Wollongong Pty Ltd, a wholly-owned subsidiary, acquired the all the shares in Australia Skydive Pty Ltd. The acquisition increased the number of skydiving drop zones from 11 to 15 and was the result of the Group's strategy to expand it's operations and minimise the impact of seasonality on the business.

Fair value of purchase consideration:	
Cash	8,400
Vendor Finance (iv)	3,123
Add: Other Costs	221
	11,744
Less:	
Current assets	1,451
Non current assets	12,523
Current liabilities	(868)
Non current liabilities	(3,119)
Identifiable assets acquired and liabilities assumed	9,987
Goodwill (v)	1,757

(iv) The vendor finance amount is a loan agreement between the Vendors and Skydive the Beach and Beyond Sydney-Wollongong Pty Ltd. Interest is payable monthly in arrears at a rate of 6% per annum. The facility amount and any accrued interest is repayable to the Vendors no later than 3 years from the date of the loan agreement, being 31 March 2018.

(v) The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of Australia Skydive Pty Ltd.

Skydive the Beach and Beyond BB Pty Ltd

On 30 June 2015, Skydive the Beach and Beyond Sydney-Wollongong Pty Ltd acquired the remaining 66.66% interest in and control of Skydive the Beach and Beyond BB Pty Ltd.

Fair value of purchase consideration:	
Shares issued (vi)	90
Add: Other Costs	38
	128
Less:	
Current assets	36
Non current assets	2
Current liabilities	(33)
Non current liabilities	(145)
Identifiable assets acquired and liabilities assumed	(140)
Goodwill	268

(vi) The consideration of $90,000 was settled through the issue of 360,000 shares in Skydive the Beach Group Limited.

Note 16 Interests in Subsidiaries (continued)

(d) **Group Reorganisation of Entities Under Common Control**

Skydive the Beach Group Limited was incorporated on 19 December 2013 to become the parent company to the Skydive The Beach Group of Companies ('STB Group') that were substantially owned by interests associated with the founder, Anthony Boucaut.

On 1 July 2014, the STB Group was reorganised such that all the businesses and companies in the STB Group that owned and operated the 11 drop zones, together with the companies that owned all of the operating assets, such as aircraft, parachutes, vehicles as well as operating leases, licences, web domains and business names, etc, transferred those businesses and assets to the companies below in return for 166,751,620 shares for a total of $8,337,581 in the parent company, such that each became a wholly owned subsidiary of the parent company. The value ascribed to the shares was supported by an independent valuation.

After the STB reorganisation was completed, a single parent entity, Skydive the Beach Group Limited, owned 100% of the following new subsidiary companies:

Aircraft Maintenance Centre Pty Ltd
B & B No 2 Pty Ltd
Bill & Ben Investments Pty Ltd
Skydive Holdings Pty Ltd
Skydive the Beach and Beyond Airlie Beach Pty Ltd
Skydive the Beach and Beyond Central Coast Pty Ltd
Skydive the Beach and Beyond Great Ocean Road Pty Ltd
Skydive the Beach and Beyond Hunter Valley Pty Ltd
Skydive the Beach and Beyond Melbourne Pty Ltd
Skydive the Beach and Beyond Newcastle Pty Ltd
Skydive the Beach and Beyond Perth Pty Ltd
Skydive the Beach and Beyond Sydney Wollongong Pty Ltd
Skydive the Beach and Beyond Yarra Valley Pty Ltd
Skydive.com.au Pty Ltd
STBAUS Pty Ltd

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

- the assets and liabilities of the combining entities are reflected at their carrying amounts;
- no "new" goodwill or other intangible assets are recognised as a result of the combination; and
- the income statement reflects the results of the combining entities for the full period, irrespective of when the combination took place.

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

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

	30 June 2014 $000
Current assets	3,319
Non-current assets	10,914
Total assets	14,233
Current liabilities	4,329
Non-current liabilities	5,737
Total liabilities	10,066
Carrying value of net assets acquired in group reorganisation	4,167
Fair value of purchase consideration	(8,338)
Common control reserve	(4,171)

(e) **Subsequent Event**

On 1 July 2016, the Group acquired all the share capital and assets of Skydive Wanaka Limited, being a skydiving operation in Wanaka, New Zealand. Consideration for this acquisition was NZ$10.4 million (of which AU$9.948 million was paid as a deposit with the company's solicitors prior to 30 June 2016).

Note 17 Property, Plant and Equipment

	Consolidated Group 2016 $000	2015 $000
LAND AND BUILDINGS		
Freehold land at:		
— at cost	340	-
Total land	340	-
Buildings at:		
— at cost	844	-
Accumulated depreciation	(9)	-
Total buildings	835	-
Total land and buildings	1,175	-
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	6,367	7,168
Accumulated depreciation	(1,508)	(1,127)
	4,859	6,041
Leasehold improvements		
At cost	1,029	935
Accumulated amortisation	(354)	(299)
	675	636
Aircraft:		
At fair value	34,135	19,239
Accumulated depreciation	(2,879)	(173)
	31,256	19,066
Motor vehicles:		
At cost	1,788	1,248
Accumulated depreciation	(476)	(237)
	1,312	1,011
Office equipment:		
At cost	696	429
Accumulated depreciation	(470)	(300)
	226	129
Total plant and equipment	38,328	26,883
Total property, plant and equipment	39,503	26,883

The Group's aircraft assets were revalued at 30 June 2015 by independent valuers. Refer to Note 34 for detailed disclosures regarding the fair value measurement of the Group's assets.

(a) **Movements in Carrying Amounts**

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

	Land $000	Buildings $000	Plant & Equipment $000	Leasehold Improvements $000	Aircraft $000	Motor Vehicles $000	Office Equipment $000	Total $000
Consolidated Group:								
Balance at 1 July 2014	-	-	-	-	-	-	-	-
Assets acquired in group reorganisation	-	-	2,704	287	6,488	452	53	9,984
Acquisitions through business combinations	-	-	1,853	316	6,109	300	63	8,641
Additions	-	-	1,919	51	2,699	344	36	5,049
Revaluation increments	-	-	-	-	4,606	-	-	4,606
Disposals	-	-	-	-	(60)	-	-	(60)
Depreciation expense	-	-	(435)	(18)	(776)	(85)	(23)	(1,337)
Balance at 30 June 2015	-	-	6,041	636	19,066	1,011	129	26,883
Acquisitions through business combinations	-	237	99	8	5,397	55	2	5,798
Additions	340	607	1,513	68	8,454	515	88	11,585
Revaluation increments	-	-	(677)	-	26	(71)	-	(722)
Disposals	-	-	(162)	-	(552)	(30)	-	(744)
Depreciation expense	-	(9)	(1,363)	14	816	7	136	(399)
Transfers between asset classes	-	-	(592)	(51)	(1,951)	(175)	(129)	(2,898)
Balance at 30 June 2016	340	835	4,859	675	31,256	1,312	226	39,503

Note 17 Property, Plant and Equipment (continued)

	Consolidated Group 2016 $000	2015 $000
(b) **Historical Cost**		
If aircraft were carried at historical cost, amounts would be as follows:		
Cost	33,077	16,623
Accumulated depreciation	(20,064)	(1,818)
Net book value	13,013	14,805

The Group's aircraft were revalued at 30 June 2015 by independent valuers. Valuations were made using the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date. The revaluation surplus net of applicable deferred income taxes was credited to an asset revaluation reserve in shareholders' equity. Refer to note 34 for further information.

Note 18 Intangible Assets

	2016 $000	2015 $000
Goodwill		
Cost	7,911	3,569
Accumulated impaired losses	-	-
Net carrying amount	7,911	3,569
Trademarks and licences		
Cost	5,344	2,000
Accumulated amortisation and impairment losses	-	-
Net carrying amount	5,344	2,000
Computer software:		
Cost	813	301
Accumulated amortisation and impairment losses	(491)	(54)
Net carrying amount	322	247
Customer relationships and other intangible assets	4,815	1,831
Accumulated amortisation	(396)	(23)
	4,419	1,808
Total intangibles	17,996	7,624

Consolidated Group:

	Goodwill $000	Trademarks & Licences $000	Computer Software $000	Customer Relationships and other $000	Total $000
Balance at 1 July 2014	-	-	-	-	-
Assets acquired in group reorganisation	1,544	-	26	-	1,570
Assets acquired in business combinations	2,025	2,000	45	1,820	5,890
Additions	-	-	204	11	215
Amortisation charge	-	-	(28)	(23)	(51)
Balance at 30 June 2015	3,569	2,000	247	1,808	7,624
Assets acquired in business combinations	4,550	3,344	7	2,303	10,204
Additions	-	-	159	519	678
Opening revaluation adjustment	(208)	-	-	-	(208)
Transfers between asset classes	-	-	210	180	390
Amortisation charge	-	-	(301)	(391)	(692)
Closing value at 30 June 2016	7,911	5,344	322	4,419	17,996

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss. Goodwill has an indefinite useful life.

Note 18 Intangible Assets (continued)

Impairment disclosures

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

	2016 $000	2015 $000
Skydive the Beach group of drop zones	1,544	1,544
Australia Skydive group of drop zones	1,817	2,025
NZone Skydive group of drop zones	4,550	-
Total	7,911	3,569

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period with the period extending beyond 2 years extrapolated using an estimated growth rate. The cash flows are discounted using a pre-tax rate of 15%.

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

	Growth Rate			
	Year 1-2	Year 3-5	Terminal	Discount Rate
Skydive the Beach group of drop zones	3%	3%	2%	15%
Australia Skydive group of drop zones	3%	3%	2%	15%
NZone Skydive group of drop zones	3%	3%	2%	15%

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

Note 19 Trade and Other Payables

	Note	Consolidated Group 2016 $000	2015 $000
CURRENT			
Unsecured liabilities			
Trade payables		1,085	1,312
Sundry payables and accrued expenses		1,577	985
		2,662	2,297
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total current		2,662	2,297
— Total non-current		-	-
Financial liabilities as trade and other payables	33	2,662	2,297

Note 20 Deferred Revenue

Income received in advance		202	668

Note 21 Borrowings

CURRENT			
Secured liabilities			
Bank loans	21a,b	64	64
Finance lease liabilities	21a,b	1,985	1,337
Total current borrowings		2,049	1,401
NON-CURRENT			
Secured liabilities			
Bank loans	21a,b	763	697
Finance lease liabilities	21a,b	5,330	5,289
Vendor finance loan		2,204	2,232
Total non-current borrowings		8,297	8,218
Total borrowings	33	10,346	9,619

Note 21 Borrowings (continued)

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

Bank loan	827	761
Finance lease liabilities	7,315	6,626
Vendor finance loan	2,204	2,232
	10,346	9,619

(b) **Collateral provided**

The bank debt is generally secured by either first registered mortgages over certain assets owned by related parties or a fixed and floating charge over the Group's assets.

Lease liabilities are secured by the underlying leased assets and various fixed and floating charges.

Financial assets that have been pledged as part of the total collateral for the benefit of bank debt are as follows:

	Note	Consolidated Group 2016 $000	Consolidated Group 2015 $000
Cash and cash equivalents	11	12,819	9,235
Trade receivables	12	1,226	1,518
Total financial assets pledged		14,045	10,753

The collateral over cash and cash equivalents represents a floating charge.

(c) Included in finance lease liabilities are hire purchase liabilities, commercial loans and goods mortgages which are secured by a charge over the assets financed. The leases are for 1-5 year terms and are repayable on a monthly basis. Interest rates generally range from 4-9% per annum.

(d) The Group's banking facilities and finance arrangements are currently secured in part by Anthony Boucaut (Executive Director) and various related party entities. The Group is currently in the process of renegotiating it's security and other related terms of finance so as to remove the personal and related party security provided by Anthony Boucaut.

(e) The vendor finance loan is the subject of a loan agreement between Skydive the Beach and Beyond Sydney-Wollongong Pty Ltd and the vendor parties in the acquisition of Australia Skydive Pty Ltd. Interest on the loan is 6% per annum payable monthly in arrears. The principle amount and any accrued interest are repayable no later than 31 March 2018. The loan is secured by a second ranking security interest over all assets and undertakings of Australia Skydive Pty Ltd and a second ranking security interest over all ordinary shares in Australia Skydive Pty Ltd. This loan is also subject to certain adjustments pursuant to the Share Sale Deed which may increase or decrease the balance of the loan as disclosed in note 2(f).

Note 22 Tax

	Consolidated Group 2016 $000	Consolidated Group 2015 $000
CURRENT		
Income tax payable	3,078	1,021
	3,078	1,021

NON-CURRENT **Consolidated Group**	Opening Balance $000	Acquired in group reorganisation $000	Charged to Income $000	Charged directly to Equity $000	Closing Balance $000
Deferred tax liabilities					
Property, plant and equipment	-	546	351	1,761	2,658
Provisions	-	-	(204)	-	(204)
Capital raising costs	-	-	110	(607)	(497)
Future income tax benefits attributable to tax losses	-	(125)	94	-	(31)
Other	-	-	4	-	4
Balance at 30 June 2015	-	421	355	1,154	1,930
Property, plant and equipment	2,658	-	(1,354)	197	1,501
Intangible assets	-	-	(94)	-	(94)
Provisions	(204)	-	19	-	(185)
Capital raising costs	(497)	-	139	-	(358)
Future income tax benefits attributable to tax losses	(31)	-	31	-	-
Other	4	-	(75)	-	(71)
Balance at 30 June 2016	1,930	-	(1,334)	197	793

Note 23 Provisions

	Consolidated Group 2016 $000	Consolidated Group 2015 $000
CURRENT		
Employee Benefits		
Opening balance	391	-
Amounts acquired in group reorganisation	-	221
Amounts acquired in business combinations	49	80
Additional provisions	559	309
Amounts used	(393)	(219)
Closing Balance	606	391
NON CURRENT		
Employee Benefits		
Opening balance	33	-
Additional provisions	41	33
Closing Balance	74	33

Analysis of Total Provisions

	2016 $000	2015 $000
Current	606	391
Non-current	74	33
	680	424

Provision for Employee Benefits

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

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

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

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

Note 24 Issued Capital

	2016 $000	2015 $000
396,301,350 (2015: 293,729,700) fully paid ordinary shares	65,231	32,039

The company has authorised share capital amounting to 396,301,350 ordinary shares.

(a) **Ordinary Shares**	Consolidated Group 2016 No.	Consolidated Group 2015 No.
At the beginning of the reporting period	293,729,700	26,618,080
Shares issued during the year		
— 1 July 2014	-	166,751,620
— 29 March 2015	-	100,000,000
— 30 June 2015	-	360,000
— 20 October 2015	62,042,836	-
— 30 October 2015	1,576,974	-
— 2 November 2015	3,230,431	-
— 20 June 2016	35,721,409	-
At the end of the reporting period	396,301,350	293,729,700

On 1 July 2014, 166,751,620 shares were issued for a total of $8,337,581 as part of the group reorganisation of entities under common control.

On 29 March 2015, an initial public offering was successfully completed and a total of 100,000,000 shares were issued at $0.25.

On 30 June 2015, 360,000 shares were issued at $0.25 as consideration for the acquisition of the remaining two third interest in Skydive the Beach and Beyond BB Pty Ltd.

On 20 October 2015, 62,042,836 shares were issued at $0.30 each to shareholders and institutional investors on the basis of 2 shares for every 9 shares held.

On 30 October 2015, 1,576,974 shares were issued at $0.30 each as part of the acquisition of skydiving operations in New Zealand.

On 2 November 2015, 3,230,431 shares were issued at $0.30 each to retail shareholders on the basis of 2 shares for every 9 shares held.

On 20 June 2016, 35,721,409 shares were issued at $0.42 each to institutional shareholders and investors.

A total of 193,369,700 shares on issue are held in voluntary escrow by the company for a period of 24 months until 23 March 2017 and the balance are quoted on ASX.

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

Note 24 Issued Capital (continued)

(b) **Options**

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

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

(c) **Capital Management**

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

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

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

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

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

		Consolidated Group	
	Note	2016 $000	2015 $000
Total borrowings	19, 21	13,008	11,916
Less cash and cash equivalents	11	(12,819)	(9,235)
Net debt		189	2,681
Total equity		70,047	33,185
Total capital		70,236	35,866
Gearing ratio		0.3%	7.5%

Note 25 Reserves

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

b. **Option Reserve**
The option reserve records items recognised as expenses on valuation of employee share options.

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

d. **Foreign Currency Translation Reserve**
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

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

	2016	2015
Asset Revaluation Reserve		
Opening balance	2,844	-
Revaluation gain/(loss) on property, plant and equipment	(458)	2,844
	2,386	2,844
Option Reserve		
Opening balance	5	-
Amount recognised in income statement for the year	8	5
	13	5
Common Control Reserve		
Opening balance	(4,171)	-
Amount acquired during the year	-	(4,171)
	(4,171)	(4,171)
Foreign currency translation reserve		
Opening balance	-	-
Exchange differences on translation of foreign operations	(101)	-
	(101)	-
Total reserves	(1,873)	(1,322)

Note 26 Share-based Payments

(i) In 2015, a total of 10,300,000 share options were granted to directors under the STB Share Option Plan to take up ordinary shares at an exercise price of $0.25 each. The 2,300,000 options granted to non-executive directors vest on 29 January 2016. One third of the remaining 8,000,000 options granted to executive directors vest on 29 January 2016, one third vest on 29 January 2017 and the final third vest on 29 January 2018. All options are exercisable on vesting. The last date for exercise is 29 January 2025. The options hold no voting or dividend rights and are not transferable.

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

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

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

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

	Consolidated Group Number
Opening balance at 1 July 2014	-
Granted	10,300,000
Balance at 30 June 2015	10,300,000
Granted	-
Balance at 30 June 2016	10,300,000
Options exercisable as at 30 June 2016:	4,966,666
Options exercisable as at 30 June 2015:	Nil
Weighted average exercise price:	$0.25
Weighted average life of the option:	5 years
Expected share price volatility:	30%
Risk-free interest rate:	2.01%

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

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

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

Included under finance costs in the statement of profit or loss and other comprehensive income is $8,503 (2015: $4,585) which relates to the amortisation of options issued.

Note 27 Cash Flow Information

	Consolidated Group 2016 $000	2015 $000
(a) Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
Profit after income tax	7,158	2,468
Non-cash flows in profit		
Depreciation and amortisation	3,599	1,388
Share options expensed	9	5
Unrealised foreign currency exchange gains/losses	(101)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
(Increase)/decrease in trade and other receivables	(348)	(378)
(Increase)/decrease in other current assets	(1,528)	21
(Increase)/decrease in inventories	(112)	(239)
Increase/(decrease) in trade and other payables	(683)	(435)
Increase/(decrease) in income taxes payable	2,118	(41)
Increase/(decrease) in deferred taxes payable	(940)	355
Increase/(decrease) in provisions	257	203
Cash flows from operating activities	9,429	3,347

Note 27 Cash Flow Information (continued)

(b) **Acquisition of Entities**

(i) On 30 October 2015, Skydive (New Zealand) Ltd, a wholly-owned subsidiary, acquired all the shares in Skydive Queenstown Ltd, Skydive Glenorchy Ltd and Parachute Adventure Queenstown Ltd, being companies registered and trading within New Zealand and collectively known and marketed as NZone Skydive.

	Note	Consolidated Group 2016 $000	2015 $000
Fair Value of purchase consideration:			
Consisting of:			
— Cash consideration		15,672	-
— Shares issued		473	-
— Loans acquired		(1,922)	-
Total investment in subsidiary		14,223	-
Cash consideration		15,672	-
Cash outflow		15,672	-
Assets and liabilities held at acquisition date:			
- Current assets		542	-
- Non-current assets		11,460	-
- Current liabilities		(521)	-
- Non-current liabilities		(1,822)	-
		9,659	-
Goodwill on consolidation		4,564	-
		14,223	-

(ii) On 1 July 2016, the Group acquired all the share capital and assets of Skydive Wanaka Limited, being a skydiving operation in Wanaka, New Zealand. Consideration for this acquisition was NZ$10.4 million (of which AU$9.948 million was paid as a deposit with the company's solicitors prior to 30 June 2016).

	Note	2016 $000	2015 $000
Deposit paid	14	9,948	-

(iii) In 2015, 100% ownership interest in Australia Skydive Pty Ltd was acquired. Details of this transaction are:

		2016 $000	2015 $000
Fair Value of purchase consideration:			
Consisting of:			
— Cash consideration		-	8,400
— Vendor Finance		-	3,123
— Other costs		-	221
Total investment in subsidiary		-	11,744
Cash consideration		-	8,621
Cash outflow		-	8,621
Assets and liabilities held at acquisition date:			
- Current assets		-	1,451
- Non-current assets		-	12,523
- Current liabilities		-	(868)
- Non-current liabilities		-	(3,119)
		-	9,987
Goodwill on consolidation		-	1,757
		-	11,744

(iv) In 2015, the remaining 66.66% ownership interest in Skydive the Beach and Beyond BB Pty Ltd was acquired. Details of this transaction are:

		2016 $000	2015 $000
Fair Value of purchase consideration:			
Consisting of:			
— Shares issued		-	90
— Other costs		-	38
Total investment in subsidiary		-	128
Cash consideration		-	-
Cash outflow		-	-
Assets and liabilities held at acquisition date:			
- Current assets		-	36
- Non-current assets		-	2
- Current liabilities		-	(33)
- Non-current liabilities		-	(145)
		-	(140)
Goodwill on consolidation		-	268
		-	128

		2016 $000	2015 $000
Total payments for investments in subsidiaries		25,620	8,621

The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the group's acquisition of these companies. Information regarding the acquisitions is disclosed at Note 16.

Note 28 Capital and Leasing Commitments

		Note	Consolidated Group 2016 $000	2015 $000
(a)	**Finance Lease Commitments**			
	Payable — minimum lease payments			
	— not later than 12 months		2,368	1,638
	— between 12 months and five years		5,723	5,895
	— later than five years		37	-
	Minimum lease payments		8,128	7,533
	Less future finance charges		(813)	(907)
	Present value of minimum lease payments	21	7,315	6,626

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

		2016 $000	2015 $000
(b)	**Operating Lease Commitments**		
	Non-cancellable operating leases contracted for but not recognised in the financial statements		
	Payable — minimum lease payments		
	— not later than 12 months	974	840
	— between 12 months and five years	603	800
	— later than five years	62	142
		1,639	1,782

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

		2016 $000	2015 $000
(c)	**Capital Expenditure Commitments**		
	Capital expenditure commitments contracted for:		
	Plant and equipment ordered and not yet received	3,175	746
	Capital expenditure projects	-	-
		3,175	746

Note 29 Operating Segments

General 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 (chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group is managed primarily on the basis of geographical location. Operating segments are therefore determined on the same basis.

Basis of accounting for purposes of reporting by operating segments

(a) **Accounting policies adopted**

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

(b) **Intersegment transactions**

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

Intersegment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

(c) **Segment assets**

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(d) **Segment liabilities**

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Note 29 Operating Segments (continued)

(e) **Segment information**

There are two operating segments, one in Australia and one in New Zealand.

(i) **Segment performance**

30 June 2016	Australia $000	New Zealand $000	Total $000
Revenue			
Sales Revenue	48,709	10,180	58,889
Inter-segment elimination			(416)
	48,709	10,180	58,473
Other revenue	1,710	30	1,740
Inter-segment elimination			(478)
	1,710	30	1,262
Total group revenue	50,419	10,210	59,735
Reconciliation of segment result to group net profit before tax			
Segment net profit from continuing operations before tax	6,246	2,943	9,189
Inter-segment elimination			-
Net profit before tax from continuing operations	6,246	2,943	9,189
Income tax expense	(1,136)	(895)	(2,031)
Total profit after tax	5,110	2,048	7,158
Finance Costs	687	460	1,147
Inter-segment elimination			(478)
	687	460	669
Depreciation and amortisation	3,112	487	3,599
30 June 2015			
Revenue			
Sales Revenue	26,320	-	26,320
Other revenue	666	-	666
Total group revenue	26,986	-	26,986
Reconciliation of segment result to group net profit before tax			
Segment net profit from continuing operations before tax	4,055	-	4,055
Income tax expense	(1,587)	-	(1,587)
Total profit after tax	2,468	-	2,468
Finance Costs	(582)	-	(582)
Depreciation and amortisation	(1,388)	-	(1,388)

(ii) **Segment assets**

	Australia $000	New Zealand $000	Total $000
30 June 2016			
Segment assets	84,717	27,091	111,808
Intersegment eliminations			(24,000)
			87,808
30 June 2015			
Segment assets	49,144	-	49,144

(iii) **Segment liabilities**

	Australia $000	New Zealand $000	Total $000
30 June 2016			
Segment liabilities	16,618	19,121	35,739
Intersegment eliminations			(17,978)
			17,761
30 June 2015			
Segment liabilities	15,959	-	15,959

Note 30 Related Party Transactions

Related Parties

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

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

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

ii. **Key Management Personnel:**

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

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

iii. **Other Related Parties**

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

(b) Transactions with related parties:

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

The following transactions occurred with related parties:

	Consolidated Group	
	2016 $000	2015 $000
Key Management Personnel		
Property lease payments to IGMAITB Pty Ltd atf IGMAITB Discretionary Trust, being an entity controlled by Anthony Boucaut (Executive Director), for the property located at 3453 Spencers Brook Rd, York WA	200	208
Property lease payments to IGMAITB Pty Ltd atf IGMAITB Discretionary Trust, being an entity controlled by Anthony Boucaut (Executive Director), for the property located at Belmont Airport, NSW	60	30
Property lease payments to IGMAITB Pty Ltd atf IGMAITB Discretionary Trust, being an entity controlled by Anthony Boucaut (Executive Director), for the property located at 12 Air Whitsunday Rd, Flametree QLD	40	30
Property lease payments to Mornington Waters atf Jaspers Brush Property Trust, being an entity controlled by Anthony Boucaut (Executive Director), for the property located at Lot 1, DP813335, Swamp Rd, Jaspers Brush NSW	-	40
Property lease payments to Illawarra Hangar Pty Ltd atf Illawarra Hangar Unit Trust, being an entity controlled by Anthony Boucaut (Executive Director), for the property located at Hangar 5, 32 Airport Rd, Albion Park Rail NSW	132	50

(c) Amounts outstanding from related parties

Trade and Other Receivables

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

Loans to Key Management Personnel

	2016 $000	2015 $000
Beginning of the year	2,035	-
Loans acquired in group reorganisation	-	590
Loans advanced	185	1,430
Loan repayment received	(507)	-
Interest charged	70	15
End of the year	1,783	2,035

The loan balance above represents unsecured loans to Boucaut Enterprises Pty Limited as trustee for Boucaut Family Trust ('the Borrower'), a related entity, associated with Anthony Boucaut (Executive Director). The loan agreements for $1,200,000 and $840,000 expire on 28 February 2021 and 30 June 2023 respectively and bear interest at 2% above the Reserve Bank of Australia cash rate per annum accrued daily.

The Borrower must pay to the Lender a minimum aggregate amount of $300,000 per annum (or such lesser amount as represents the then total amount of the Principal outstanding and outstanding accrued interest), on the anniversary of the loans each year until the expiry dates. In the event that Anthony Boucaut ceases to control or Boucaut Enterprises Pty Limited ceases to be the trustee of the Boucaut Family Trust the outstanding amount actually or contingently owing as at that date shall become immediately due and payable to the lender and the obligations of the lender under this document shall terminate.

Note 31 Events After the Reporting Period

On 1 July 2016, the Group acquired all the share capital and assets of Skydive Wanaka Limited, being a skydiving operation in Wanaka, New Zealand. Consideration for this acquisition was NZ$10.4 million (of which AU$9.948 million was paid as a deposit with the company's solicitors prior to 30 June 2016).

Note 32 Contingent Liabilities and Contingent Assets

The purchase price in respect of the acquisition of Australia Skydive Pty Limited is to be adjusted by a working capital allowance referred to as the "SCACL Adjustment". The amount is currently being negotiated and the Director's have used their judgement to determine the amounts due in this regard. The final settlement of this amount may differ to the amounts provided for, in which case the goodwill will be adjusted accordingly.

Other than that mentioned above, the Group has no contingent assets or contingent liabilities at 30 June 2016.

Note 33 Financial Risk Management

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

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

	Note	Consolidated Group 2016 $000	Consolidated Group 2015 $000
Financial Assets			
Cash and cash equivalents	11	12,819	9,235
Loans and receivables	12c	3,978	3,714
Available-for-sale financial assets			
— at cost			
— unlisted investments	15a	27	27
Total available-for-sale financial assets		27	27
Total Financial Assets		16,824	12,977
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	19	2,662	2,297
— Borrowings	21	10,346	9,619
Total Financial Liabilities		13,008	11,916

Financial Risk Management Policies

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

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

Specific Financial Risk Exposures and Management

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

a. Credit risk

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

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

Credit Risk Exposures

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

There is no collateral held by the Group securing receivables.

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

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

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

	Consolidated Group 2016 $000	Consolidated Group 2015 $000
Cash and cash equivalents		
- AA Rated	12,796	4,235
Held-to-maturity securities		
- AAA Rated	23	5,000
	12,819	9,235

Note 33 Financial Risk Management (continued)

b. Liquidity risk

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

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

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

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

Financial liability and financial asset maturity analysis

	Within 1 Year		**1 to 5 years**		**Over 5 years**		**Total**	
	2016	2015	2016	2015	2016	2015	2016	2015
Consolidated Group	$000	$000	$000	$000	$000	$000	$000	$000
Financial liabilities due for payment								
Bank loans	64	64	763	697	-	-	827	761
Trade and other payables	2,662	2,297	-	-	-	-	2,662	2,297
Finance lease liabilities	1,985	1,337	5,329	5,289	-	-	7,314	6,626
Vendor finance loan	-	-	2,204	2,232	-	-	2,204	2,232
Total expected outflows	4,711	3,698	8,296	8,218	-	-	13,007	11,916

	Within 1 Year		**1 to 5 years**		**Over 5 years**		**Total**	
	2016	2015	2016	2015	2016	2015	2016	2015
Consolidated Group	$000	$000	$000	$000	$000	$000	$000	$000
Financial Assets - cash flows realisable								
Cash and cash equivalents	12,819	9,235	-	-	-	-	12,819	9,235
Trade and other receivables	2,195	1,679	-	-	-	-	2,195	1,679
Amounts receivable from related parties	288	300	1,200	1,200	295	535	1,783	2,035
Total anticipated inflows	15,302	11,214	1,200	1,200	295	535	16,797	12,949
Net (outflow) / inflow on financial instruments	10,591	7,516	(7,096)	(7,018)	295	535	3,790	1,033

Financial assets pledged as collateral

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

c. Market Risk

i. *Interest rate risk*

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

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2016 approximately 92% (2015: 92%) of group debt is fixed.

ii. *Foreign exchange risk*

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

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

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

Note 33 Financial Risk Management (continued)

c. Market Risk (continued)

Sensitivity Analysis

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

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

	Consolidated Group	
	Profit	Equity
Year ended 30 June 2016	$000	$000
+/- 2% in interest rates	67	67
+/- 2% in $A/$NZ	40	40
Year ended 30 June 2015		
+/- 2% in interest rates	59	59

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

Fair Values

Fair value estimation

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

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

		2016		**2015**	
Consolidated Group	Note	Carrying Amount $000	Fair Value $000	Carrying Amount $000	Fair Value $000
Financial assets					
Cash and cash equivalents	11	12,819	12,819	9,235	9,235
Trade and other receivables:					
- related parties - loans and advances	12	1,783	1,783	2,035	2,035
- unrelated parties - trade and term receivables	12	2,195	2,195	1,679	1,679
Total trade and other receivables	12	3,978	3,978	3,714	3,714
Available-for-sale financial assets:					
- at cost:					
- unlisted investments	15	27	27	27	27
Total available-for-sale financial assets		27	27	27	27
Total financial assets		16,824	16,824	12,977	12,976
Financial liabilities					
Trade and other payables	19	2,662	2,662	2,297	2,297
Vendor finance loan	21	2,204	2,204	2,232	2,232
Bank debt	21	8,142	8,142	7,387	7,387
Total financial liabilities		13,008	13,008	11,916	11,916

Note 34 Fair Value Measurements

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

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

(a) Fair value hierarchy

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

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

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Group elects to use external valuation experts where possible. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

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

		30 June 2016			
		Level 1	Level 2	Level 3	Total
Recurring fair value measurements	Note	$000	$000	$000	$000
Non-financial assets					
Aircraft	17	-	31,256	-	31,256
Total non-financial assets recognised at fair value on a recurring basis		-	31,256	-	31,256
Total non-financial assets recognised at fair value		-	31,256	-	31,256

(b) Valuation techniques and inputs used to measure Level 2 fair values

Description	Fair value ($) at 30 Jun 2016	Valuation technique(s)	Inputs used
Non-financial assets			
Aircraft equipment	31,256	Market approach using recent observable market data for similar assets	Make and model of aircraft frame, engines and other key components, maintenance status, damage history
	31,256		

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

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values.

Note 35 Preliminary Financial Report Reconciliation

An unaudited Preliminary Financial Report was released to the Australian Stock Exchange (ASX) on 29 August 2016. Subsequent to the release of this report, a reclassification was made to the consolidated statement of cashflow and the associated cashflow information note. The reconciliation of the amounts and disclosures in the Appendix 4E to the Annual Report is as follows:

	Appendix 4E $000	Annual Report $000	Difference $000
CONSOLIDATED STATEMENT OF CASH FLOWS			
Cash flows from operating activities			
Payments to suppliers and employees	(50,213)	(48,268)	(1,945)
Income tax paid	(1,050)	(853)	(197)
Cash flows from investing activities			
Proceeds/(payments) for other non-current assets	183	-	183
Payments for business acquisitions	(23,662)	(25,620)	1,958
CASH FLOW INFORMATION NOTE			
(Increase)/decrease in other current assets	(3,472)	(1,528)	(1,944)
Increase/(decrease) in deferred taxes payable	(1,136)	(940)	(196)

Note 36 Company Details

The registered office of the company is:
Skydive the Beach Group Limited
Level 1, 51 Montague Street, North Wollongong, NSW 2500

The principal place of business is:
Skydive the Beach Group Limited
Level 1, 51 Montague Street, North Wollongong, NSW 2500

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

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

(a) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
  (i) give a true and fair view of the financial position and performance of the consolidated entity; and
  (ii) comply with Australian Accounting Standards, including the Interpretations and Corporations Regulations 2001;

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

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

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

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

On behalf of the Directors:

Anthony Boucaut	**Anthony Ritter**
Chief Executive Officer	*Chief Financial Officer*

Dated: 23 September 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

SKYDIVE THE BEACH GROUP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Skydive the Beach Group Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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.

Opinion

In our opinion:

(a) the financial report of Skydive the Beach Group Limited is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 9 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Skydive the Beach Group Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

RSM

RSM AUSTRALIA PARTNERS

GNS

G N SHERWOOD
Partner

Sydney, NSW
Dated: 23 September 2016

Skydive the Beach Group Limited and Controlled Entities
ACN: 167 320 470
Additional Information for Listed Public Companies

The following information is current as at 8 September 2016:

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding)	Number Ordinary
1 – 1,000	46
1,001 – 5,000	103
5,001 – 10,000	104
10,001 – 100,000	197
100,001 – and over	38
	488

b. The number of shareholdings held in less than marketable parcels is 34.

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

Shareholder	Number Ordinary
Anthony Boucaut & Associated Companies	179,957,245
Paradice Investment Management	38,406,717
IOOF Holdings	27,814,838
Perpetual Trustees	24,795,146

d. **Voting Rights**

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

Ordinary shares

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

e. **20 Largest Shareholders — Ordinary Shares**

Name		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Boucaut Enterprises Pty Ltd	132,083,965	33.33%
2.	J P Morgan Nominees Australia	46,465,864	11.72%
3.	HSBC Custody Nominees	36,926,374	9.32%
4.	UBS Nominees Pty Ltd	35,197,713	8.88%
5.	Skydive The Beach Pty Ltd	23,912,660	6.03%
6.	National Nominees Limited	20,374,664	5.14%
7.	Skydive Perth Pty Ltd	16,338,000	4.12%
8.	Citicorp Nominees Pty Limited	12,227,229	3.09%
9.	RBC Investor Services	11,561,420	2.92%
10.	HSBC Custody Nominees	7,780,152	1.96%
11.	Skydive The Beach Melbourne Pty Ltd	7,482,000	1.89%
12.	Ms Ariane Radford	7,267,940	1.83%
13.	BNP Paribas Noms Pty Ltd	5,697,478	1.44%
14.	Aust Executor Trustees Ltd	4,096,746	1.03%
15.	Ms Celeste Linda Ritter	3,383,970	0.85%
16.	Citicorp Nominees Pty Limited	3,120,674	0.79%
17.	Mirrabooka Investments Limited	2,502,943	0.63%
18.	Amcil Limited	2,502,942	0.63%
19.	Whitfield Investments Pty Ltd	2,450,545	0.61%
20.	Mr Lindsay Williams & Mrs Robyn Williams & Mr Duncan Fea	1,576,974	0.40%
		382,950,253	96.62%

2. The company secretaries are Anthony Ritter and John Diddams.

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

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

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

6. **Unquoted Securities**
   Options over Unissued Shares
   A total of 10,300,000 options are on issue. All options are on issue to directors under the Skydive the Beach Group Limited employee option plan.

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

Directors:	William (Bill) Beerworth, Non-executive Chairman
	Anthony Boucaut, Executive Director and Chief Executive Officer
	Anthony Ritter, Executive Director and Chief Financial Officer
	John Diddams, Non-executive Director
	Colin Hughes, Non-executive Director
Company Secretaries:	Anthony Ritter and John Diddams
Registered Office:	Level 1, 51 Montague Street North Wollongong NSW 2500
Principal Place of Business:	Level 1, 51 Montague Street North Wollongong NSW 2500
Lawyers:	Bird & Bird Level 11, 68 Pitt Street Sydney NSW 2000
Auditors:	RSM Australia Partners Level 13, 60 Castlereagh Street Sydney NSW 2000
Share Registry:	Boardroom Pty Ltd Level 12, 225 George Street Sydney NSW 2000
Bankers:	Westpac Banking Corporation Suite 1, 104 Crown Street Wollongong NSW 2500
	National Australia Bank Limited 118-126 Princes Highway Fairy Meadow NSW 2519
Stock Exchange Listing Code:	SKB
Website:	www.skydive.com.au