

Skydive the Beach

AND BEYOND

Skydive the Beach Group Limited
ACN 167 320 470



REPLACEMENT PROSPECTUS

Replacement Prospectus for the Initial Public Offering of up to 80 million fully paid ordinary shares at A\$0.25 to raise up to \$20 million, with the ability to raise an additional \$5 million in oversubscriptions.

This is an important document that should be read in its entirety. If you do not understand any component of this Replacement Prospectus you should consult your professional advisors.

This is a Replacement Prospectus dated 5 March 2015 which replaces in its entirety the prospectus dated 19 February 2015 in relation to the Initial Public Offer of 80 million shares in Skydive the Beach Group Limited.

Lead Manager



IMPORTANT INFORMATION

This is an important document which should be read in its entirety before making any investment decision. You should obtain independent advice if you have any questions about an investment in the Company or any of the matters contained in this Prospectus.

OFFER

The Offer contained in this Replacement Prospectus is an invitation to acquire Shares in Skydive the Beach Group Limited ACN 167 320 470 (**"the Company"**).

REPLACEMENT PROSPECTUS

This Replacement Prospectus replaces a prospectus dated and lodged with the Australian Securities and Investments Commission ("ASIC") on 19 February 2015 (**"Original Prospectus"**). For the purposes of this document, this Replacement Prospectus will be referred to as either **"this Replacement Prospectus"** or **"this Prospectus"**. This Replacement Prospectus has been issued to, amongst other matters:

- remove some material in Sections 5 and 6 relating to superfluous industry and business context;
- clarify the basis for certain historical conclusions and forecasts in Section 6;
- clarify the disclosure of the financial information, in particular, the disclosures in relation to the reasonable assumptions underlying the STB Group Forecast Jump Numbers and Assumptions in Section 7 at page 46 and the Commentary on Each Drop Zone forecast information in Section 7 commencing at page 46;
- provide additional disclosure in relation to the history of the STB Group in Section 7;
- provide additional disclosure in relation to investment risks in Section 10; and
- provide additional disclosure in relation to material contracts entered into by STB Group in Section 12.

LODGEMENT AND LISTING

This Prospectus is dated 5 March 2015 and was lodged with ASIC on that date. Neither ASIC nor Australian Securities Exchange Limited (**"ASX"**) takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The Company has applied to ASX for admission to the Official List and for official quotation of its Shares, including the Shares the subject of this Replacement Prospectus, on ASX.

EXPOSURE PERIOD

The Corporations Act prohibits the Company from processing applications to subscribe for, or acquire, Shares under this Prospectus (Applications) in the seven day period after lodgement of the Original Prospectus with ASIC (**"Exposure Period"**). This Exposure Period was extended by ASIC by a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in

accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

EXPIRY DATE

No Shares will be allotted or issued on the basis of this Replacement Prospectus later than 13 months after the date of the Original Prospectus.

APPLICATIONS

Investors who wish to subscribe for Shares must complete the appropriate Application Form attached to or accompanying this Replacement Prospectus in its paper form, or in its electronic form which must be downloaded in its entirety from www.skydive.com.au/investors. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Replacement Prospectus in its paper copy form or the complete and unaltered electronic version of this Replacement Prospectus. By making an Application, you represent and warrant that you were given access to this Replacement Prospectus together with an Application Form.

RESTRICTED SECURITIES

Subject to the Company being admitted to the Official List, certain of the issued Shares, other than those subscribed for under this Replacement Prospectus, may be classified by the ASX as restricted securities and will be required to be held in escrow pursuant to the ASX Listing Rules.

NOT INVESTMENT ADVICE

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company. In particular, in considering the prospects of the Company you should consider the risk factors that could affect the Company's performance in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other independent professional adviser before deciding whether to invest in the Company. The price of Shares may rise or fall according to a number of factors. Some of the key risk factors that should be considered by prospective investors are set out in Section 10. There may be risks in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, warrants or guarantees the Company's performance, the repayment of capital or the payment of a return on the Shares, except as required by law, and then only to the extent required.

This Prospectus includes information regarding past performance of the Company and/or its Subsidiaries. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

IMPORTANT INFORMATION

NO OFFERING WHERE OFFERING WOULD BE ILLEGAL

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The Offer is not being extended to any investor outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This document may not be released or distributed in the United States, or relied by persons in the United States or who are US Persons. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act of 1933 (US Securities Act) or the securities laws of any state of the United States, and may not be offered or sold in the United States, or to or for the account or benefit of a US Person (as defined in Regulation S under the US Securities Act), except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable United States state securities laws.

DISCLAIMER AND REPRESENTATIONS

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Directors, the Company, the Lead Manager, or any other person in connection with the Offer. You should rely only on information in this Prospectus.

FINANCIAL INFORMATION PRESENTATION

The historical financial information and the pro forma forecast financial information in this Prospectus (including as defined in Section 7) should be read in conjunction with, and are qualified by reference to, the information contained in Sections 7 and 8.

While Sections 7 and 8 should be read in their entirety, particular attention should be paid to all comments and qualifications relating to Australia Skydive, for the reasons stated in Sections 7 and 8. To the extent permitted by law, the Company and its advisers cannot warrant the accuracy of financial information relating to Australia Skydive.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company management.

The Company and the Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause actual results to differ materially from the results expressed, implied or anticipated in those statements. These risk factors as set out in section 10. These forward-looking statements should be read in conjunction with, and are qualified by reference to, the risk factors set out in section 10 and other information in this Prospectus.

This Prospectus, including the industry overview in section 5, company overview in Section 6 and financial information in section 7, uses market data, industry forecasts and projections, and management estimates. The Company has obtained portions of this information from market research prepared by third parties. There is no assurance that any of the forecasts or projections contained in the reports, surveys and research of third parties which are referred to in this Prospectus will be achieved and the Company makes no representation and expressly disclaims any liability as to the completeness or accuracy of such information or projections. The Company has not independently verified this information. Estimates, forecasts and projections involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in section 10.

OBTAINING A COPY OF THIS PROSPECTUS

A hard copy of this Prospectus is available free of charge to any person in Australia by contacting the Lead Manager, Veritas Securities Limited on 02 8252 3201 from 9.00am to 5.00pm (Australian Eastern Daylight Time) Monday to Friday or by email at Sydney@veritassecurities.com.au on or before the Closing Date. This Prospectus is also available to Australian resident investors in electronic form at www.skydive.com.au/investors. The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website from Australia. It is not available to persons in any other jurisdiction (including the United States). Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

IMPORTANT INFORMATION

WEBSITE

The Company maintains a website at www.skydive.com.au/investors where information regarding the Company is published.

DIAGRAMS

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

PHOTOGRAPHS

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents. The pictures in this Prospectus were taken at various times prior to publishing this Prospectus. The Company owns assets featured in photographs and all individuals pictured are staff or customers of the STB Group.

NOT UNDERWRITTEN

This Offer is not underwritten.

ROUNDING

Any discrepancies between totals and sums and components in tables, charts and graphics contained in this Prospectus are due to rounding.

DEFINED TERMS AND ABBREVIATIONS

A number of terms and abbreviations used in this Prospectus have defined meanings which appear in the Glossary at the end of this Prospectus. All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated. Unless otherwise stated or implied, references to times in this Prospectus are to Australian Eastern Daylight Time. Unless otherwise stated or implied, references to dates or years are calendar year references.

NO COOLING OFF RIGHTS

Cooling-off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

PRIVACY

If you apply for Shares, you will provide personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess and process your Application, service your needs as an investor and Shareholder, provide facilities and services that you request and carry out appropriate administration. Corporations and tax laws require you to supply some of the information to be collected in connection with your Application. Once you become a Shareholder, the Corporations Act requires information about you (including your name, address and details of the Shares you hold) to be included in the Company's Shareholder register. The information must continue to be included in the Company's Shareholder register if you cease to be a Shareholder. If you do not provide all the information requested, your Application Form may not be able to be processed.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the **Privacy Act**:

- The Share Registry for ongoing administration of the Company's Shareholder register;
- The Lead Manager in order to assess and process your Application;
- Printers and other companies for the purposes of preparation and distribution of holding statements, documents, and for handling of mail;
- Market research companies for the purpose of analysing the Company's Shareholder base and for product development and planning; and
- Legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by (or on behalf of) the Company. You can request access to your personal information by contacting the Share Registry. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. The Company aims to ensure that the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Share Registry if any of the details you have provided change. In accordance with the requirements of the Corporations Act, information on the Company's Shareholder register will be accessible by members of the public.

You can obtain a copy of the Company's privacy policy by contacting the Company or by downloading it in electronic form from the Company's website at www.skydive.com.au/investors.

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KEY OFFER INFORMATION

KEY OFFER INFORMATION

2.1 IMPORTANT DATES

EVENT	DATE
Lodgement of the Original Prospectus with ASIC	Thursday 19 th February 2015
Lodgement of this Replacement Prospectus with ASIC	Thursday 5 th March 2015
Expiry of Exposure Period	Thursday 5 th March 2015
Broker Firm Offer and General Offer opening date	Friday 6 th March 2015
Broker Firm Offer and General Offer closing date	Wednesday 18 th March 2015
Allotment of shares (Completion of Offer)	Tuesday 24 th March 2015
Dispatch of holding statements	Tuesday 24 th March 2015
Normal trading of Shares on ASX	Monday 30 th March 2015

Dates may change:

This timetable is indicative only and may change. All dates and times are indicative only and are stated in Sydney (AEDT) time. The Company reserves the right to vary any or all of the above dates and times, including, subject to ASX Listing Rules and the Corporations Act, to close the Offer early, withdraw the Offer, extend the Closing Date or to accept late Applications, either generally in particular cases, without notice. If the Offer is cancelled or withdrawn before the issue or transfer of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Applicants are encouraged to submit their Applications and payment as soon as possible after the Offer opens. The quotation and commencement of trading of the Shares are subject to confirmation from the ASX.

2.2 KEY OFFER DETAILS

Offer price per Share	\$0.25		
Total number of Shares on issue as at the date of this Prospectus	193,369,700		
	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION	OVERSUBSCRIPTIONS*
Total number of new Shares to be issued under the Offer	40,000,000	80,000,000	100,000,000
Total number of Shares to be held by Existing Shareholders on completion of the Offer	193,369,700	193,369,700	193,369,700
Total number of Shares on issue after the Offer	233,369,700	273,369,700	293,369,700
Indicative market capitalisation	\$58,342,425	\$68,342,425	\$73,342,425
Gross cash proceeds from the Offer	\$10,000,000	\$20,000,000	\$25,000,000

* If received and accepted by the Board

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LETTER FROM THE CHAIR

LETTER FROM
THE CHAIR

Dear Investor,

Skydive the Beach Group Limited is a distinctive investment opportunity.

It is Australia's foremost accompanied or tandem skydiving company.

It combines entrepreneurial flair, proven specialist management, a record of growth, and a close understanding of the leisure and tourism trends that will support further expansion.

The business now operated by the Company was established in 1999 in Wollongong, an attractive beach area south of Sydney, to offer a scenic skydiving experience. This combination of scenery and adventure has widespread appeal in the leisure and tourism markets, and the STB Group now operates from 11 drop zones in 4 States, delivered more than 40,000 tandem jumps in FY2014.

This capital raising will enable the Company to expand further by funding an eastern Australian acquisition that will provide the STB Group with a total of 16 drop zones around the country, delivering more than an estimated annualised 112,000 tandem jumps in FY2016.

The acquisition described more fully in this prospectus is intended to improve earnings, provide wider market balance across differing weather conditions, and is expected to reduce seasonal earnings fluctuations through drop zone locations along the whole of the relevant east coast of Australia.

The STB Group is an attractive outlet for leisure and tourism expenditure for those pursuing adrenalin adventures. The leisure industry is growing, and it is attracting affluent global and domestic customers. Leisure tourism is driving strong growth in international visitor numbers; a key market indicator for the skydive industry. Market research suggests that skydiving has a wide demographic appeal. These factors indicate a positive economic environment for the Company's future growth.

The business now operated by the STB Group has been built over 16 years through organic growth and acquisitions; a fundamental understanding of customer expectations; and the application of sensible business principles and systems. These hallmarks will continue when the Company is a listed company.

The IPO will involve the offer of 80 million ordinary shares in the Company at an offer price of A\$0.25 per share to raise up to \$20 million, with the ability to raise an additional \$5 million in oversubscriptions. The proceeds will fund the acquisition, provide additional working capital and permit some debt reduction. The STB Group is profitable and, if the forecast is met and \$20 million is raised, the Board proposes an initial dividend payable in October 2015.

This Prospectus contains detailed information about the Offer; the business of the Company and its subsidiaries; historical and forecast financial performance; and the key risks associated with an investment in the Company. I encourage you to read this document carefully and in its entirety and to consider whether you need independent financial advice before making your investment decision.

On behalf of my fellow directors, I look forward to welcoming you as a shareholder in the Company.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Bill Beerworth'.

Bill Beerworth
Chairman

INVESTMENT OVERVIEW

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INVESTMENT OVERVIEW

The information set out in this Section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for Shares under the Offer, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course of action you should follow in connection with this document, please consult your financial adviser, stockbroker, solicitor, accountant or other professional adviser before proceeding.

QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION																																			
Who is the issuer of this Prospectus?	Skydive the Beach Group Limited ACN 167 320 470	Sections 1 & 6																																			
What does the Company do?	The Company is a skydiving company with 11 existing drop zones across Australia. It is currently in the process of acquiring a further 5 drop zones on the eastern coast of Australia.	Section 6 Sections 6 & 12																																			
Does the Company generate revenue?	Yes, the Company is the holding company for the Skydive the Beach Group of companies. The Company generates revenue from the operation of the existing Skydive the Beach Group skydiving businesses and expects to generate revenue from the addition of another 5 drop zones on the eastern coast of Australia commencing from 1 April 2015.	Sections 6 & 7																																			
What is the Company's business model and business plan?	The Company's business model is to continue to generate, and grow, revenue from the sale of skydives to customers.	Sections 6 & 7																																			
Investment is speculative	Due to the nature of the Company's products or services, and the share market in general, the Directors believe that an investment in the Shares remains speculative at this stage.	Section 10																																			
How will the Company seek to generate returns for investors?	The Company anticipates paying dividends from time, to time as determined by the Directors. The Company plans to retain sufficient revenue for costs and growth of the Company. The Company will seek to generate returns to investors from profits from sales of skydives.	Section 7																																			
When will dividends be paid?	The directors propose to declare a dividend with respect to the Financial Year ended 30 June 2015 of \$0.01 per share, expected to be payable to Shareholders in October 2015, provided the Maximum Subscription is raised, and forecast results are achieved.	Section 7																																			
Summary of the Company's key financial information	The following is a summary of STB Group business historical and forecast financial performance including the proposed acquisition of Australia Skydive. <table><tr><th></th><th>FY2011</th><th>FY2012</th><th>FY2013</th><th>FY2014</th><th>FY2015*</th><th>FY2016*</th></tr><tr><td>Tandems</td><td>16,703</td><td>23,175</td><td>34,868</td><td>41,241</td><td>64,521</td><td>112,827</td></tr><tr><td>Turnover (\$'000)</td><td>6,101</td><td>8,913</td><td>15,385</td><td>18,025</td><td>27,561</td><td>47,535</td></tr><tr><td>EBITDA (\$'000)</td><td>723</td><td>1,658</td><td>3,196</td><td>4,454</td><td>6,209</td><td>10,942</td></tr><tr><td>EBITDA (%)</td><td>11.85%</td><td>18.59%</td><td>20.77%</td><td>24.71%</td><td>22.53%</td><td>23.02%</td></tr></table>		FY2011	FY2012	FY2013	FY2014	FY2015*	FY2016*	Tandems	16,703	23,175	34,868	41,241	64,521	112,827	Turnover (\$'000)	6,101	8,913	15,385	18,025	27,561	47,535	EBITDA (\$'000)	723	1,658	3,196	4,454	6,209	10,942	EBITDA (%)	11.85%	18.59%	20.77%	24.71%	22.53%	23.02%	Section 6
	FY2011	FY2012	FY2013	FY2014	FY2015*	FY2016*																															
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	For further details, refer to the notes on page 33 and the detailed financial information in Section 7.																																				
	* The figures for FY 2015 to FY2016 are forecasts																																				

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INVESTMENT OVERVIEW

4.1 SUMMARY OF THE OFFER

QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
What is the Purpose of the Offer?	- To raise capital in order to fund the acquisition of Australia Skydive - To provide the Company with access to the public equity capital markets to pursue future growth opportunities and improve capital management flexibility; - To achieve listing on the ASX to broaden the Shareholder base; - To retire debt and fund capital expenditure as required; - To enable further acquisition of drop zones as opportunities arise; and - To provide for working capital for the Company to develop production and sale of skydiving and related products and services.	Sections 7, 11 & 12
How will the proceeds of the Offer be used?	The proceeds of the Offer will be used to fund the proposed acquisition of Australia Skydive, as well as to pay for Offer costs, provide the Company with working capital and to potentially retire some debt.	Sections 7, 11 & 12
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	Section 11
Can the Offer be withdrawn?	The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, the Share Registry, your broker or the Company will refund Application Monies. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.	Section 11 in relation to Offer Withdrawal and in relation to Refunds
Who can participate in the Broker Firm Offer?	The Broker Firm Offer is open to Retail Applicants and Wholesale Investors who have received a firm allocation from their Broker and who have a registered address in Australia.	Section 11
Who can apply for Shares under the Offer?	The Offer is open to Investors who have a registered address in Australia and New Zealand.	Section 11
What are the rights and liabilities attached to the Shares being offered?	A description of the Shares, including the rights and liabilities attaching to these, is set out in Section 14.	Section 14
What is the consideration payable for each Share being offered?	Successful Applicants under the Offer will pay \$0.25 per Share.	Sections 2 & 11
What is the Offer Period?	The key dates, including details of the Offer Period, are set out in Sections 2 and 11. No Shares will be issued on the basis of this Prospectus later than the expiry date of 13 months after the date of the Original Prospectus.	Sections 2 & 11

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INVESTMENT OVERVIEW

QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
How is the Offer structured?	The Offer comprises: - The Broker Firm Offer, which consists of an offer of Shares to Wholesale Applicants and Retail Applicants who have received a firm allocation from their Broker; and - The Institutional offer, which consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for shares; - The General Offer, which consists of an Offer of Shares to investors who may accept the Offer by sending a completed Application Form and monies to the Share Registry.	Section 11
What are the minimum and maximum amounts to be raised under this Offer?	The Offer is conditional on the Company raising at least \$10 million. If less than the minimum of \$10 million is raised within 4 months after the date of this Prospectus, then no Shares will be issued under this Prospectus and all Application Monies received by the Company will be refunded to Applicants (without interest) in accordance with the Corporations Act. The maximum amount to be raised is \$20 million.	Section 11
Oversubscriptions	The Company may accept oversubscriptions, as determined by the Directors, of up to 20,000,000 Shares for a maximum additional subscription amount of \$5,000,000. The Directors intend to use any oversubscriptions to either re-pay debt and/or acquire additional revenue producing assets such as aircraft and parachute rigs.	Section 11
What is the minimum Application amount under the Offer?	The minimum Application Amount under the Offer is \$2,000 for 8,000 Shares. If you apply for a total Application Amount that is not a multiple of the Offer Price, your Application will be rounded down to the nearest multiple of the Offer Price and any difference will be retained by the Company.	Sections 2 & 11
How do I participate in the Broker Firm Offer?	If you are applying for Shares under the Broker Firm Offer, you should arrange for your Broker Firm Application Form to be lodged with the Broker from whom you received your allocation. Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and set out on the reverse of the Broker Firm Application Form. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms to the Company or Share Registry.	Section 11
How do I apply for Shares?	Applicants are able to complete an Application Form attached to the back of this Prospectus (or a printed copy of the Application Form attached to the electronic version of the Prospectus) or apply online at www.skydive.com.au/investors or www.boardroomlimited.com.au/skydive To the extent permitted by law, an application under the Offer is irrevocable. Instructions on how to apply are set out in Section 11 and on the back of the Application Form.	Section 11

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INVESTMENT OVERVIEW

QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
How do I pay?	Application Monies should be paid using the following methods: (a) By BPAY®: by following the instructions on the online Application Form. This is the preferred method; or (b) By cheque: Cheques should be crossed "Not Negotiable" and made out to "Skydive the Beach Group Limited".	Section 11
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer, Institutional Offer and the General Offer, is to be determined by the Lead Manager in consultation with the Company. The Lead Manager, in consultation with the Company, has absolute discretion regarding the basis of allocation of Shares among Institutional Investors. For Broker Firm Offer Applicants, Brokers will decide as to how they allocate Shares that they are allocated among their Retail Applicants and Wholesale Applicants. For Applicants in the General Offer, the Company and the Lead Manager has absolute discretion regarding the allocation of Shares and may reject an Application, or allocate fewer Shares than applied for, in their absolute discretion, subject to the guaranteed minimum allocation of Shares described in Section 11.	Section 11
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be despatched by standard post on or around 24 March 2015.	Sections 2 & 11
What is the Closing Date for receipt of Applications	The Offer is expected to close on 18 March 2015. The Company may elect to close the Offer early, extend the Offer, or accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice. You are encouraged to submit your Application and Application Monies as early as possible in advance of the Closing Date and to allow a sufficient period for processing time.	Sections 2 & 11
When will the Shares be listed?	The Company has applied for Listing of the Shares on the ASX. Completion of the Offer is conditional on the ASX approving the application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Sections 2 & 11

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INVESTMENT OVERVIEW

QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
When are the Shares expected to commence trading?	It is expected that trading of the Shares on the ASX will commence on or about 30 March 2015 on a normal settlement basis. If settlement has not occurred within 14 days (or such longer period as the ASX allows) after the day Shares are first quoted on the ASX, the Offer and confirmations of allocations will be cancelled and of no further effect and all Application Monies will be refunded (without interest). It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. The Company, the Lead Manager and the Existing Shareholders disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by the Company Offer Information Line or otherwise.	Sections 2 & 11
Who is the Lead Manager to the Offer?	Veritas Securities Limited ACN 117 124 535	Section 11
Is the Offer underwritten?	No	Section 11
Are there any escrow arrangements?	Yes. There are compulsory escrow arrangements under the ASX Listing Rules.	Section 11
Who should you contact if you have an enquiry?	Please call the Company Offer information line on 1300 737 760 (toll free within Australia) or +61 9290 9600 (outside Australia) from 8.30am until 5.30pm (AEDT) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.	Section 11

4.2 BOARD & MANAGEMENT

QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
Who are the Directors of the Company?	The Board of Directors consists of; - William Beerworth, Non-Executive Chairman - Anthony Boucaut (Founder), Executive Director - Timothy Radford, Executive Director - Anthony Ritter, Executive Director - John Diddams, Non-Executive Director - Dr Nigel Finch, Non-Executive Director	Section 9
Who are the key executives of the Company?	The Executive Management Team consists of: - Anthony Boucaut, Chief Executive Officer - Anthony Ritter, Chief Financial Officer - Timothy Radford, Chief Operating Officer	Section 9

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INVESTMENT OVERVIEW

QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
How are the Directors and senior executives remunerated?	Details on the Directors and senior executives' remuneration can be found in Section 13.	Section 13
Will any related party have a significant interest in the Company following the Offer?	Anthony Boucaut, the Founder and a director of the Company, will hold or control 179,817,245 Shares in the Company (being 77% of the total issued Shares in the Company if the Minimum Subscription is reached, and 66% of the total issued Shares in the Company if the Maximum Subscription is reached) in the Company following the Offer. If oversubscriptions of the full \$5 million are made and accepted by the Company, Anthony Boucaut will hold or control 61% of the total issued Shares in the Company. Each of the other Directors will also have an interest in the Company following the Offer. The majority of these holders' interests will be placed in escrow for 24 months after admission to the Official List.	Section 11 & 13
Related party loan	The Company has provided a loan to a company and trust associated with Anthony Boucaut with a maximum facility amount of \$1,200,000. The funds were used to purchase airfields at York, Belmont and Airlie Beach. Those sites are the subject of leases back to the STB Group to use as drop zone sites.	Section 12 & 13

4.3 SUMMARY OF KEY RISKS

QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
Acquisition Risk	The Offer is aimed at raising sufficient funds for the Company to complete its acquisition of Australia Skydive which adds a further 5 drop zones in eastern Australia (being 3 in north Queensland and 2 in New South Wales) to its existing 11 drop zones in Australia. There can be no guarantee that the Company will be able to achieve the revenue or profits from its business, including the Australia Skydive business, within the currently proposed timelines, or within the proposed budget.	Section 10
Liquidity Risk	Investment is only being sought for a minority stake in the Company as Existing Shareholders will hold between 71 - 83% of the Shares (or 66% if the maximum number of oversubscriptions is received and accepted by the Board). Accordingly, there is a significant liquidity risk, particularly as those 71 - 83% of the Shares will be escrowed for 24 months.	Section 11
Dilution Risk	There is future dilution risk to minority Shareholders should the Company seek to raise further equity funds	Section 11
Reputation Risk	The success of the Company is dependent on it maintaining a positive reputation. Unforeseen issues or events which place the reputation of the Company at risk may impact on future earnings and growth prospect. Investors should be aware that the activities undertaken by the STB Group are inherently risky and any adverse event may impact the Company's reputation.	Section 10

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INVESTMENT OVERVIEW

QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
Competition	It is possible that other entities in Australia and around the world may be trying to compete with the Company. The Company cannot guarantee that a competitor will not reduce the Company's market share or margins through competitive businesses or strategies.	Section 10 & 12
Development Risk	Whilst the Company was incorporated on 19 December 2013, the businesses it acquired on 1 July 2014 from the Aggregated Historical Group to form the Skydive the Beach Group have significant trading history over in excess of 10 years. The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in development and expansion of an existing business. There are a number of risks facing the Company in the execution of its business strategy. While the Directors are of the view that there are plans in place to ensure these risks are mitigated, these factors may still impact upon investor returns.	Section 7, 8 & 10
Reliance on Board Members and Key Management	The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its Board of Directors, executive management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these personnel cease their employment or engagement with the Company. While every effort is made to retain key personnel, and to recruit new personnel as the need arises, the loss of one or more key personnel may adversely affect the Company's development plans, earnings or growth prospects.	Section 9 & 10
Drop Zone Leases	The STB Group does not own any real estate and leases all of its drop zone sites, with 3 of the STB Group's 11 existing drop zone sites being leased from companies associated with Mr Anthony Boucaut, an executive Director and Chief Executive Officer of the Company. There is a risk that the Company's operations and financial performance may be adversely affected in the event that any drop zone leases were not renewed in the future.	Section 12 and 13
Funding	The ability of the Company to effectively implement and expand its business plan over time may depend, in part, on its ability to raise additional funds as required. The Directors give no assurances that any equity or debt funding will be available to the Company, or be available on acceptable terms.	Section 10
Weather	The ability of the Company to provide its skydiving services is weather dependent in that jumps will not proceed in winds in excess of 25 knots (43 kms/hour). Sustained heavy rain will also affect timing and ability to jump. Whilst every effort is made to maximise the number of jumps per day, safety of the customers is of paramount importance and cancellation or postponement of scheduled jumps may affect revenue and profitability, notwithstanding that a certain level of "adverse weather factor" is built into the budgets and forecasts.	Section 10

4

INVESTMENT OVERVIEW

QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
Aviation permits	The Company's operations rely upon the availability of aircraft it either owns or sources from Subsidiaries or external suppliers from time to time. Some of the Company's Subsidiaries are appointed as the registered operator by CASA for aircraft it owns. The Company and related parties endeavour to meet all CASA operational requirements and flight standard approvals. There is no guarantee that each of the aircraft will continue to meet the appropriate CASA flight approvals and standards at all times. CASA may issue changes to the flight approvals and standards from time to time and the resultant changes may require the installation of additional equipment, modifications, additional costs and time to resolve or comply. Flight approval changes may result in particular locations not being able to be operated whilst complying with any regulation change. If this circumstance arises this could impact on the Company's proposed future sales of skydiving and related products and would negatively impact future revenue generation.	Section 10
Equipment	The business has significant reliance on its aircraft, parachutes and associated parachute equipment, vehicles and systems necessary for tandem skydiving and from time to time may incur significant expenditure on equipment and systems upgrades and maintenance. The Company's equipment and systems are an essential part of the successful running of its day to day business and as such any interruptions to one or more of these equipment or systems could impair the ability of the Company to service its clients. Standard maintenance, repair, backup and restoration procedures are in place, however a natural disaster or other unforeseen event that results in a loss of use of, or access to, the Company's equipment or systems, the loss or corruption of data or the inability of the Company to service its clients could have a negative impact on the Company's performance.	Section 10
Relationship with suppliers and lessors	The Company (either itself or through its Subsidiaries) contracts with third parties to provide hangars, runways, some aircraft and other goods and services, including leases of all of its existing 11 drop zone sites; 3 of those leases being from companies associated with Mr Anthony Boucaut, an executive Director and Chief Executive Officer of the Company. The ongoing relationship management with its suppliers is important to the ongoing success of the Company's business. Failure to maintain such relationships with its suppliers in the future may lead to termination of any of the supply contracts or lease agreements and provide opportunities for competitors to gain a competitive advantage, and may have other adverse effects such as lessening the ability of the Company to service its customers which may have an adverse effect on the Company's earnings and growth prospects.	Section 10, 12 and 13

4

INVESTMENT OVERVIEW

QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
Insurance risks	The operation of a skydiving business involves hazards and risks that could result in the Company incurring losses or liabilities that could arise from its operations. If the Company incurs losses or liabilities which are not covered by the insurance policies provided by the Australian Parachute Federation (APF), the funds available for working capital and/or revenue growth opportunities may be reduced. The Company has, and intends to maintain, insurance of its operations in accordance with industry practice through the APF Master policy. However, the occurrence of an event that is not covered or fully covered by the APF's insurance could have a material adverse effect on the business, financial condition and results of the Company. The Company has, and intends to maintain, insurance of its assets and operations in accordance with industry practice through its own insurance policies. However, the occurrence of an event that is not covered or fully covered by these insurance policies could have a material adverse effect on the business, financial condition and results of the Company.	Section 6 & 10
Loss of Goodwill	There is an inherent risk of loss of business goodwill in the event of an accident occurring involving STB Group or any of its operations.	Section 10
Other risks	A number of other risks are included in Section 10, and investors are recommended to review those risks carefully before making an investment decision.	Section 10

5

INDUSTRY OVERVIEW



INDUSTRY OVERVIEW

A. SKYDIVING

Skydiving is a popular and growing sport, and an important element of military and some emergency services operations globally. The Australian Parachute Federation (APF), the regulating and governing body of skydiving in Australia, highlighted the growth in Australian skydiving in 2013 with first-time jumpers up 8.6 per cent on the previous year from 131,310 to 142,597 and licensed members up 4.3 per cent from 2,393 to 2,495.¹ All persons participating in tandem jumps and/or fun jumps (as described below) require registration with the APF and this includes all people undertaking the jump, instructors and even parachute packers. All are considered “members” of the APF, which maintains a register of all members.

Operators within the recreational skydiving industry generally offer two types of experiences for first time skydivers – tandem jumps and the accelerated freefall course, as well as recreational solo dives or “fun jumps”, for more experienced jumpers.

i. Tandem skydiving

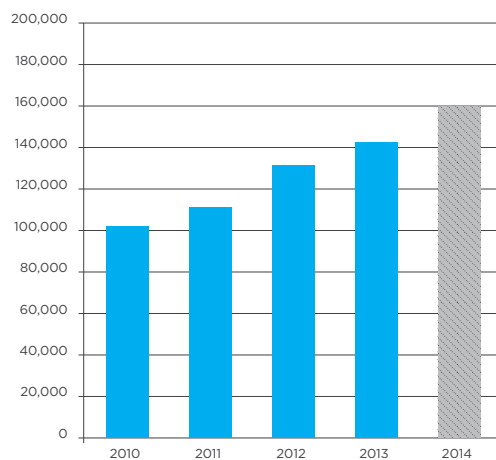
Introduced in the early 1980s², tandem skydiving is the most common option for first time jumpers as it does not require any experience or extensive training. Tandem jumps offer an introduction to the sport, allowing beginners to take a skydive with an experienced tandem instructor.

A tandem jump requires a short period of ground preparation. The student and tandem instructor each wear a harness but only the tandem instructor wears the parachute, as well as a reserve parachute. The student's harness is attached to the front of the instructor's harness and they freefall together for up to 60 seconds or more, open together, and land together under the one parachute. Tandem jumping is designed for those who want to experience freefall before committing to a first-jump course or who just want to do a single skydive. The minimum age for a tandem jump is 12 with no limit on the maximum age, unless health restrictions apply. The oldest tandem student to date in Australia was 94.³

Tandem skydiving is the most popular type of first time skydive in Australia. In 2013, of 142,597 first time jumpers, 140,365 were conducted as tandem skydives.⁴

The popularity and growth of tandem skydiving is illustrated by the following graph using actual data produced by the APF for years 2010 to 2013 and the Company's forecast for 2014.

TOTAL AUSTRALIAN TANDEM SKYDIVES*



Note:

*Actual Tandem skydives per APF for calendar years from 2010 to 2013, estimate by STB Group for 2014 (as actual APF figures not available as at the date of this Prospectus)

ii. Accelerated freefall course

The Accelerated Freefall (AFF) program is a nine stage program which began in 1983 as an “accelerated” learning process, as compared to the traditional static line way of training to skydive.

The ground training is extensive as parachute students will be doing a 40-50 second freefall on their very first jump, from 14,000 feet along with two AFF Instructors (jumpmasters) who are there to assist during freefall. The jumpmasters maintain grips on the student from the moment they all leave the aircraft together until the parachute opens, assisting as necessary to fall in a stable manner, perform practice ripcord pulls and monitor altitude. Students pull their own ripcord at about 4000 ft.

iii. Skydiving in Australia

Recreational parachuting began in Australia in 1958 and is increasing in popularity every year, with over 325,000 jumps now made each year.⁵ The industry is characterised by a large number of suppliers, operating at multiple sites across Australia, with currently 71 registered parachuting organisations around the country⁶ offering skydiving services. The body responsible for aircraft safety and aircraft maintenance is the Civil Aviation Safety Authority (CASA). The body responsible for parachuting operations is the APF. The APF operates under a deed of agreement with the CASA to administer and regulate parachuting activities in Australia and also works closely

¹ Australian Parachute Federation Annual Report 2013
<http://www.apf.asn.au/ArticleDocuments/531/2013%20Annual%20Report%20complete%20with%20financial%20statements.pdf.aspx>

² http://www.casa.gov.au/scripts/nc.dll?WCMS:STANDARD::pc=PC_93444

³ <http://www.apf.asn.au/apf-zone/skydive-info/learn-to-skydive---faqs/1--how-does-one-learn-to-skydive/-how-does-one-learn-to-skydive>

⁴ See footnote 1

⁵ http://www.casa.gov.au/scripts/nc.dll?WCMS:STANDARD::pc=PC_93444

⁶ <http://www.apf.asn.au/APF-Zone/Skydive-Info/Drop-Zone-List>

INDUSTRY OVERVIEW

with CASA to ensure parachutists operate in a safe environment.

The barriers to entry to the market for supply of recreational skydives and supply of tandem skydives are low, which is evidenced by the large number of suppliers. Essentially all that is required is an aircraft, a pilot, parachutes, an instructor, one person on the ground, an APF licence, somewhere to take off and land (landing permits) and the ability to comply with all relevant regulations. Sites are easy to find, can be greenfield (may need council approval in some cases), can use existing airfields (payment of landing fee), and sites can be leased or licensed.

Drop zones are usually located close to major cities, towns and tourist attractions such as beaches. There is no drop zone in Sydney as to have skydivers jumping directly over the city may create issues for air traffic control, considering the international and domestic terminals are nearby. The closest drop zones to Sydney are in Wollongong, Picton and the Central Coast.⁷

Customer characteristics for the recreational skydiving industry include people who are looking for an adrenaline based activity, with tandem jumpers more likely to be one off/ bucket list participants, while solo jumpers are more likely to be repeat jumpers. According to the APF, in 2013, there were slightly more domestic than overseas participants, with NSW and Queensland having the greatest proportion of new APF members. The majority of new APF members are between 20 and 45 years old.

iv. **Safety of Skydiving in Australia**

Operating a skydiving business involves hazards and risks that could result in the Company incurring losses or liabilities. The STB Group's operations at each of its drop zones are the subject of public liability insurance arranged by the APF (naming members of the STB Group). This insurance cover for STB Group members is funded through part of membership fees collected from jumpers which is passed on to the APF by the STB Group. The Company has, and intends to maintain, other insurance of its STB Group operations in accordance with industry practice.

v. **Adventure Tourism Australia**

Adventure tourism attracts people who want to feel an adrenalin rush and expect the unexpected to happen. In Australia, adventure tourism offers a wide variety of activities like rock-climbing, white water rafting, surfing and sail boarding, skiing and snowboarding, skydiving, scuba diving, parasailing, aerobatic flights, bungee jumping, snorkelling and exploring the outback.

The Gold Coast and the Great Barrier Reef are among the most popular destinations for adventure in Australia.⁸ According to Tourism Australia, Australia was voted best destination for adventure (international) at the Lonely Planet Magazine India Awards 2014.⁹

⁷ <http://www.apf.asn.au/APF-zone/Skydive-info/Drop-Zone-list>

⁸ www.australiaonnet.com/tourism/adventure-tourism.html

⁹ Tourism Australia Annual Report 2013-2014, <http://www.tourism.australia.com/documents/corporate/Tourism-Australia-Annual-Report-2013-2014.pdf>

6

OVERVIEW OF THE COMPANY AND PROPOSED ACQUISITION



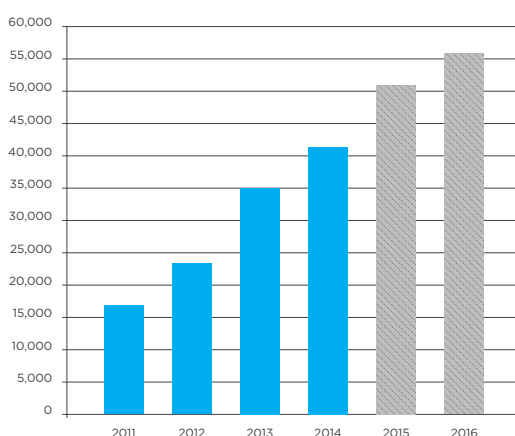
OVERVIEW OF THE COMPANY AND PROPOSED ACQUISITION

6.1 BACKGROUND

The STB Group business now operated by the Company was founded in 1999 by Anthony Boucaut, and based in North Wollongong, New South Wales, Australia. The business has grown from a small beachfront operation, using a six-seater Cessna, to a business utilizing 16 aircraft across 11 drop zones Australia-wide – and more planned.

In the 1999 financial year the business conducted 1,478 tandem skydives from one location which has grown to 41,241 tandem skydives Australia-wide in the 2014 financial year. The following graph illustrates the year by year growth in the number of tandem jumps made by the STB Group over the last 4 years and that trend is expected to continue.

TOTAL BUSINESS TANDEM SKYDIVES*



Note:

*Actual Tandem skydives conducted by the business now operated by STB Group from the 2010/11 financial year to the 2013/14 financial year, forecast by STB Group for the 2014/15 financial year and the 2015/16 financial year. For further details, please refer to the table on page 46 and the growth assumptions underlying the figures in that table set out on page 46 to 48.

The number of drop zones will increase to 16 if completion of the proposed acquisition of Australia Skydive occurs, at which time the STB Group will conduct circa 100,000 tandem jumps on an annualised basis.

6.2 KEY MILESTONES TO DATE

Below are key milestones in the history of the business now operated by the Company:

TIMELINE	EVENT
1999	The "Skydive the Beach" business commenced operations, with the first drop zone in Wollongong, NSW
2010	Hunter Valley, NSW drop zone was established as a start-up, Aircraft Maintenance Centre Pty Ltd was acquired to provide maintenance to the internal fleet
2011	St Kilda drop zone was established as a start-up in Victoria, Central Coast drop zone was established as a start-up in NSW
2012	A drop zone was established on the Great Ocean Road and another acquired in the Yarra Valley, Victoria The York drop zone outside Perth WA was acquired

2013	Perth city drop zone was established, as a start-up in WA Rockingham drop zone established, also as a start-up in WA The Company was formed in December 2013 with the intent for it to become the holding company for all the STB Group operations
2014	Airlie Beach drop zone in Qld was acquired. The Company acquired the businesses and assets of the Aggregated Historical Group comprising 11 drop zones together with some asset holding companies, and the business was then operated from 1 July 2014 through wholly owned Subsidiaries that form the STB Group of companies. The Newcastle drop zone was established in New South Wales as a start up. Contract signed for the acquisition of the Australia Skydive business which, if completed, will add a further 5 drop zones in NSW and Qld
2015	Acquisition of Australia Skydive business is proposed to complete to increase the number of drop zones in the STB Group to 16 drop zones in each of New South Wales, Queensland, Victoria and Western Australia

6.3 BUSINESS OVERVIEW

STB Group is a skydiving organisation with 11 drop zones across Australia, offering skydiving experiences in scenic locations and providing a wide range of skydiving experiences to the public including tandem skydiving, night tandem skydives, helicopter jumps, learn to skydive courses, skill development camps, high profile skydive displays and media work including film, PR and television.

95% of revenue is received from tandem jumpers, with only 5% from experienced skydivers, ("fun jumpers") and other revenue.

The STB Group operates a fleet of 16 aircraft with varying passenger capacity, including 7 turbo prop aircraft with a high carrying capacity and lower cost per tandem than the smaller aircraft used by many of the competitors.

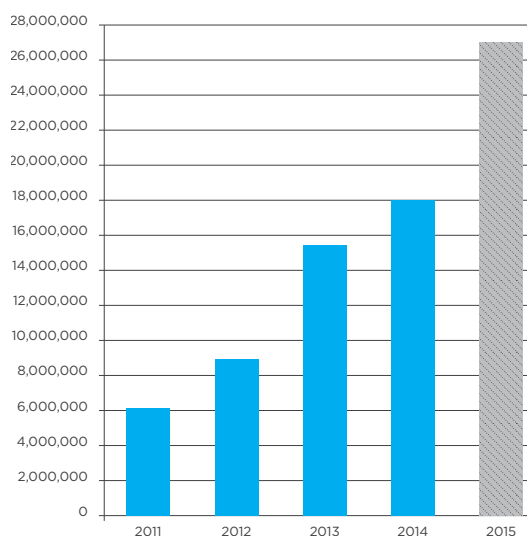
Parachute equipment includes tandem and student parachutes used by contractor Tandem Instructors in 4 states to currently deliver in excess of 40,000 tandem experiences annually, with an average cost to the skydiver of approximately \$400 each.

STB Group utilises in excess of 200 employees and contractors across four states.

The following table is a graphic illustration of the financial performance of the business now conducted by STB Group, including three months of estimated revenue from the proposed Australia Skydive acquisition in 2015.

OVERVIEW OF THE COMPANY AND PROPOSED ACQUISITION

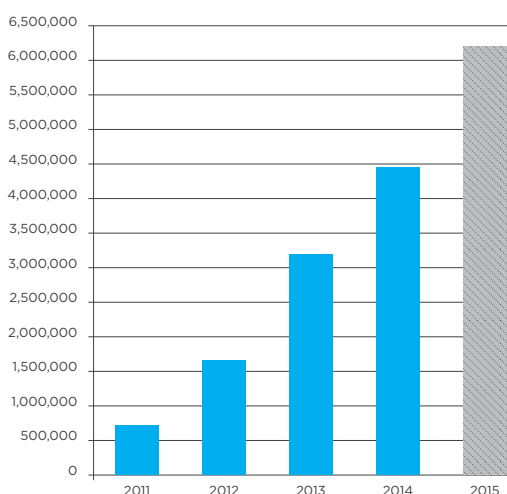
BUSINESS SALES REVENUE (\$)*



Note:

*Actual unaudited sales revenue for STB Historical Aggregated Group from the 2010/11 financial year to the 2012/13 financial year, actual audited sales revenue for the 2013/14 financial year and estimated sales revenue by STB Group for the 2014/15 financial year. Refer to Section 7.7 including the table on page 44 and the pro forma forecast financial information in Section 7.7.

BUSINESS EBITDA (\$)*



Note:

*Actual unaudited EBITDA for STB Historical Aggregated Group from the 2010/11 financial year to the 2012/13 financial year, actual EBITDA for the 2013/14 financial year, and estimated EBITDA by STB Group for the 2014/15 financial year, including 3 months of estimated revenue arising from the proposed acquisition of Australia Skydive. Refer to Section 7.7 including the table on page 44 and the pro forma forecast financial information in Section 7.7.

6.4 COMPANIES IN THE STB GROUP

Since 1 July 2014, the STB Group comprises the following companies:

- The Company being the holding company for the STB Group, and the Company's Subsidiaries as follows:
 - Skydive the Beach and Beyond Sydney Wollongong Pty Ltd – which operates the Wollongong drop zone
 - Skydive the Beach and Beyond Central Coast Pty Ltd – which operates the Central Coast drop zone of Warnervale
 - Skydive the Beach and Beyond Hunter Valley Pty Ltd – which operates the Hunter Valley drop zone of Branxton
 - Skydive the Beach and Beyond Melbourne Pty Ltd – which operates the drop zone of St Kilda
 - Skydive the Beach and Beyond Yarra Valley Pty Ltd – which operates the Yarra Valley drop zone of Lilydale
 - Skydive the Beach and Beyond Great Ocean Road Pty Ltd – which operates the drop zone of Barwon Heads
 - Skydive the Beach and Beyond Perth Pty Ltd – which operates 3 drop zones being at York, Rockingham and Perth City.
 - Skydive the Beach and Beyond Airlie Beach Pty Ltd – which operates the drop zone of Airlie Beach
 - Skydive the Beach and Beyond Newcastle Pty Ltd – which operates the drop zone at Belmont
 - Skydive.com.au Pty Ltd
 - STBAUS Pty Ltd – which is the employee, contractor and equipment hire service company to the STB Group
 - Bill & Ben Investments Pty Ltd – which owns certain of the assets used by the STB Group
 - B & B No.2 Pty Ltd – which owns certain of the assets used by the STB Group
 - Aircraft Maintenance Centre Pty Ltd – which is contracted by STB Group members to service the aircraft
 - Skydive Holdings Pty Ltd – which holds certain intellectual property

Each of the above companies is held directly by the Company, other than Skydive the Beach and Beyond Hunter Valley Pty Ltd, which for historical reasons is held by Skydive Holdings Pty Ltd.

6.5 EXISTING DROP ZONE LOCATIONS

The STB Group currently operates in 11 scenic locations around Australia. Strategic reinvestment into the business has provided the springboard for rapid expansion since 2011. This has seen the business grow from one location based in Wollongong, New South Wales, Australia to a business that now spans four Australian States (New South Wales, Queensland, Victoria and Western Australia). The drop zone locations have been carefully selected for their convenience

16 Regional Population Growth 2012-13, 3 April 2014, Australian Bureau of Statistics, <<http://www.abs.gov.au/ausstats/abs@.nsf/Products/3218.0-2012-13-Main+Features-New+South+Wales?OpenDocument#PARALINK4>>

OVERVIEW OF THE COMPANY AND PROPOSED ACQUISITION

to major capital cities and popular tourist destinations, as well as their scenic outlooks. They highlight typically Australian tourist attractions, from sandy beaches and amazing coastal views to sprawling cityscapes, outback vistas and lush green bushland as far as the eye can see. Please refer to the tables on pages 46 to 48 for further details.

New South Wales:

- **Sydney (Wollongong)**

Wollongong is a seaside city located in the Illawarra region. Wollongong lies on the narrow coastal strip between the Illawarra Escarpment and the Pacific Ocean, south of Sydney. Wollongong's statistical district has a population of 292,190, making Wollongong the third largest city in New South Wales after Sydney and Newcastle, and the tenth largest city in Australia. At June 2013, just under two-thirds of the state's population (4.76 million people) resided in Greater Sydney. Population growth in Greater Sydney accounted for 78% of the state's total growth in 2012-13.¹⁶ Customer statistics gathered by the STB Group business from the 2013/14 financial year show that approximately 30% of first time skydivers at the Wollongong drop zone were international travellers, backpackers and students and, of the customers living in Australia, 89% were from Greater Sydney and the Illawarra region.

The drop zone headquarters at North Beach, Wollongong is located in an area surrounded by parks, bars, cafes, restaurants and hotels. North Beach is Wollongong's central beach and is popular with locals and tourists alike.

The Company's national call centre, accounts, marketing, management and administration staff are currently located at separate premises in Wollongong.

- **Hunter Valley (Branxton)**

Set in the heart of Australia's famous Hunter Valley region, the STB Group's drop zone is centrally located 20 minutes from Pokolbin and 50 minutes from Newcastle. This country setting provides spectacular views of the world-famous wine region from 14,000 feet above earth. The business operates from the premises of a parachute club at Branxton, which has a rich history of training and participating in competitions. Customers can choose to tandem skydive or participate in the Accelerated Freefall Course at this location.

Customer statistics gathered by the Company show that in the 2013/14 financial year, 77% of customers at this drop zone were from Newcastle, the Hunter Valley and the Central Coast.

- **Newcastle**

Skydive the Beach and Beyond Newcastle Pty Ltd operates from an airfield in Belmont, a suburb located 20 kilometres from Newcastle's central business district. Belmont is situated on a sandy peninsula formed by the Tasman Sea on the east and Lake Macquarie to the West. The views above this unique drop zone are spectacular and the airfield is home to a number of aviation businesses, including Australia's only Red Bull Air Race competitor.

The facilities include a terminal building which offers a foyer and customer lounge, office and staff rooms, a packing area and gear up/ video editing room as well as a kitchen and full bathroom. The aircraft depart from right outside the building, giving customers and spectators a perfect view of the runway and landing area from the grassed picnic area. Being self-contained, the Newcastle drop zone allows customers to arrive, complete paperwork and check in, be given a skydiving brief, take off in the aircraft and land the parachute at the one location.

- **Central Coast (Warnervale)**

Just over an hour from Sydney's northern beaches and less than an hour from Newcastle the drop zone and office at Warnervale airfield is well positioned to attract locals and tourists looking to enjoy an adventure close to the city.

Company statistics for the 2013-14 financial year show that customers numbers at the Central Coast drop zone are made up of 10% international customers and of the customers living in Australia, 54% are from the Central Coast, 14% are from Newcastle, 22% are from Sydney.

Victoria:

- **Melbourne (St Kilda)**

The STB Group's drop zone is the closest skydiving centre to the Melbourne central business district. The St Kilda skydiving office is located close to great shopping, dining and accommodation options. Customers are able to walk to the St Kilda Sea Baths, Luna Park and Acland St in minutes after skydiving.

- **Great Ocean Road (Barwon Heads)**

The STB Group's drop zone at Barwon Heads is an easy day trip from Melbourne. Only 1.5 hours from Melbourne central business district and 15 minutes from Torquay, this drop zone is located at Barwon Heads airfield. The facilities for customers here include an indoor lounge area with big screen TV, viewing area to watch packing of parachutes, toilets, outdoor picnic tables and grassed area perfect for viewing parachutes landing. This popular seaside community radiates coastal charm, from the shallow sandy shoreline of the Barwon River to the windswept surf beaches fronting the Bass Strait.

Customers can elect to do a tandem skydive or participate in the learn to skydive course (AFF) at this site. In addition, there are often events catering for experienced skydivers here.

- **Yarra Valley (Lilydale)**

The STB Group operates a drop zone from the Lilydale airfield in the Yarra Valley. Customers are able to enjoy the exclusive use of a hangar at the airfield with lounge area, big screen TV, toilets, and outside picnic area. The area offers local produce and well known vineyards, plus cafés, restaurants, wineries, arts and crafts markets and music festivals.

One of Victoria's favorite tourism destinations, the Yarra Valley is under an hour from Melbourne and popular with day trippers as well as short stay visitors. The STB Group offer free return transfers from the Melbourne central

OVERVIEW OF THE COMPANY AND PROPOSED ACQUISITION

business district for customers wishing to skydive Monday to Friday.

Western Australia:

- **York**
York is the oldest inland town in Western Australia (settled in 1831), situated 97 kilometres east of Perth. The town is slowly evolving from a traditional sheep and wheat agricultural community into a tourist town. It features music festivals, a motor museum, art galleries, recreational facilities including skydiving and paragliding, bed and breakfast services and the picturesque Avon River.

The York drop zone is a purpose built skydiving facility, with bunkroom accommodation and camping facilities, a pool and sauna, air-conditioned hangar and parachute packing area, meeting/debriefing rooms, Australia's largest swoop pond, a licensed bar and café, and 140 acres of landing area.

- **Perth City**
The Perth City drop zone is located right in the heart of the city in Langley Park, between the Perth central business district and the Swan River. Company data shows that intrastate visitors are the largest source market for Perth, especially Western Australians taking daytrips within the region. However, the economic value of tourism to Perth is driven by the spending of overnight visitors, particularly from international source markets. 22% of customers of the business in this drop zone were classed by the Company as international in 2013.
- **Rockingham**
Rockingham is a city and primary centre in Western Australia, around a 40 minute drive from Perth and south of Fremantle. It has a beachside location at Mangles Bay, the southern extremity of Cockburn Sound. Rockingham offers numerous coastal activities such as swimming, snorkelling, sailing and surfing at the beautiful beaches, as well as fishing and crabbing.

The City of Rockingham is a rapidly developing residential area, with substantial industrial and commercial areas and a naval area on Garden Island. The City encompasses a total land area of approximately 260 square kilometres, including significant areas of coastline and parkland. Tandem participants are met at Rockingham Naval Memorial Park and the aircraft takes off from Jandakot Airport, customers then skydive from up to 14,000ft above stunning Rockingham Beach.

Queensland:

- **Airlie Beach**
In April 2014, the Company acquired the skydiving business operating at Airlie Beach. Based at the Whitsundays Aviation Village Estate it is 5km from Airlie Beach on the way to Shute Harbour. The Airlie Beach drop zone is in the heart of Queensland's popular tourism spot the Whitsunday Islands, a world renowned holiday destination. Airlie Beach is a hub of the Whitsundays region, being the largest town on the Whitsunday Coast, and is highly focused on tourism.

Travellers are offered a variety of accommodation from backpacker hostels to 5 star luxury hotels and resorts with palm-fringed beaches, the carefree relaxed atmosphere, the friendly locals at the seaside markets it is no wonder Airlie Beach is one of the most popular tourism destinations in the world.

Just minutes from the beautiful centre of town, the STB Group offers free return transfers for customers who check-in, gear up and take off from the airport, and touch down right beside the Port of Airlie back in the centre of town.

Facilities & Accreditation

Each of the members of the STB Group which operate the Company's drop zones are accredited with the APF. The APF promotes high standards of safety and performance and controls skydiving and parachuting at most civilian operations in Australia. With the approval of the CASA it sets operational and safety standards, conducts competitions, issues licences and instructor ratings, conducts exams and distributes publications to keep members up to date.

Aircraft Maintenance Centre Pty Ltd is one of the STB Group of companies now controlled by the Company. It operates a CASA approved aircraft maintenance and engineering facility located in Wollongong, New South Wales, which provides maintenance to the STB Group's internal fleet. CASA is responsible for the safety regulation of civil air operations in Australia and the operation of Australian aircraft overseas.

Environmental Policy

The Company supports, encourages and assists employees, suppliers, customers, visitors and contractors to use resources more efficiently and reduce everyday environmental impacts. This is in accordance with the Company vision and brand value of evolution: a process of continuous development in which the Company is forward thinking about its business and its offering.

6.6 BRAND OVERVIEW

Brand Recognition

The branding "Skydive the Beach and Beyond" on STB Group products was created in 2012 to account for the growth in the business and bring a number of different brands together under the one group. The Company's management team are putting in place strategies with the aim of making this brand one of the most easily recognisable skydiving brands in Australia. By applying branding to the Company's buses, and aircraft operating in some of Australia's biggest cities, the Company hopes to grow brand awareness. A 2014 survey conducted by the STB Group indicates that 93% of customers had seen "Skydive the Beach and Beyond" parachutes in the air within the month prior to survey. Brand awareness is advanced through a number of different marketing strategies, campaigns, advertising and channels and tactics such as aiming every effort at favourably impressing the customers and providing service that goes beyond the customers' expectations.

6

OVERVIEW OF THE COMPANY AND PROPOSED ACQUISITION

Brand Values

The Company's management team aims to encourage the consideration of brand values by all staff within the STB Group's operations. The Board has adopted the following brand values for the STB Group:

- **Service:** The assistance or advice given to STB Group customers during and after the sale of goods and services. The STB Group strives to excel at the provision of such assistance through the use of quality equipment, fostering a sense of ease for customers in achieving their goals and timely delivery.
- **Evolution:** A process of continuous development. The Company's management team is forward thinking about our business and our offering, and takes initiative to set goals and moves toward them. The Company's management team seeks to identify the needs of our current and future customers in order to grow successfully.
- **Excitement:** A feeling of great exhilaration and eagerness, or a feeling of spirit and adventure. A sense of passion governs everything the STB Group does. Inherent in the offering are the feelings of escape, anticipation, freedom and achievement, and management strives to nurture these through every aspect of the STB Group's service.
- **Professionalism:** The quality of being honest and having strong moral principles. Safety and the addressing of any safety concerns is of paramount importance, and the STB Group addresses this through striving for upmost professionalism and respect for our customers' varying states of readiness for the experience. Staff are encouraged to never make decisions that put our customers or staff at unnecessary risk.
- **Belonging:** Being part of, or having an affinity for, a specified group or situation. It is important to the Company management team that the STB Group's staff love what they do, and they love working with each other.

6

OVERVIEW OF THE COMPANY AND PROPOSED ACQUISITION

6.7 CUSTOMERS

Market research conducted by the STB Group has helped to identify a profile of customers as follows:



The Casual Adventurer

Andrew | Bricklayer | 26 years old | Yearly income \$70,000

"Work's work. It gives me money to do the stuff I want to do on the weekend surf, hang out with my mates".

His preferred technology touchpoint is mobile – quick and easy. He goes online to conduct more detailed research when he has the time.

Strong group mentality, likes to do things with his mates.



The Traveller

EOIFE | Working holiday | 23 years old | Yearly income \$30,000

"This is the trip of the lifetime. It's the time when I'm going to cover off everything because after this I'll probably head home and settle down. Unless I can stay here...somehow..."

Her main technology touchpoint is online, researching elements for her trip at the local internet café.

Her trip-of-a-lifetime mentality means it's the time to go a bit crazy and do things she normally wouldn't, like jumping out of a plane.



The Student

Eve | Casual jobs | 19 years old | Yearly income \$15,000

"I love being outside – we've got an amazing country and I love the freedom of exhilarating experiences. I want to enjoy life while I'm young".

Her technology touchpoints depend on where she'll find the best deal – call centre as her preference as she thinks she might get a better deal by going direct.

Her hunger for adventure is high, always looking for new experiences.



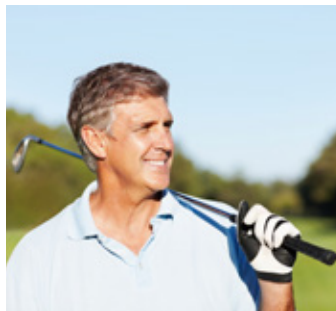
The Leader

James | Recruiter | 34 years old | Yearly income \$145,000

"I work hard and I play hard. I want to get as much out of my life as I can before I get too old and settle down".

Mobile is his preferred channel for interaction. Constantly online and expects brands to be accessible at all times.

Believes everything should be tried once, preferably with a bunch of friends.



The Bucket Lister

John | Financial Controller | 54 years old | Yearly income \$150,000

"I've worked hard my whole life and I haven't really stopped and enjoyed the view until now. There's a few things I really want to do before I'm too old".

His main touchpoints include call centre contact, however is starting to branch out to online.

Word of mouth and personal recommendations are important to him.

OVERVIEW OF THE COMPANY AND PROPOSED ACQUISITION

6.8 SALES AND MARKETING

Sales Channels

With a variety of customers ranging from backpackers to bucket listers, a number of sales channels are used by STB Group to maximise return.

- **Online** – the importance of a strong online presence has been highlighted by the growing trend in online interactions and sales. The business has seen significant growth in both website visitation (39% increase from the 2012/13 year to the 2013/14 year) and revenue from ecommerce (up by 245% in 2013/14 when compared to 2012/13). Ecommerce functionality offers customer convenience, has a potential worldwide reach and 24 hour access. The Company's business is consistently in the top 3 organic Google rankings for each of its drop zone locations.
- **Gift vouchers** – gift vouchers are offered via the online booking system or through direct sales (at drop zone locations or by phone). They generate cash flow, especially in peak sales periods such as Christmas and Father's Day.
- **3rd party sales** – online and offline operators complement and assist the STB Group's product distribution. These include large online channels such as adrenalin.com.au, and redballoon.com.au.

Public Relations

The STB Group utilises promotional events, targeted media appearances, local and national articles, and promotional prizes to compliment online and advertising activity. Although not a core sales driver, these activities engage customers, build reputation and create brand awareness. An August 2014 appearance on Channel 10's show "The Bachelor" gave the business widespread exposure with 640,000 people watching the program. The Company's website showed a 250% increase in unique visitors using the site while the episode was on air.

Advertising

A mix of innovative and proven advertising channels are used to generate sales leads and satisfy marketing goals. Campaigns are timed to maximise return on investment, and prime seasonal purchase periods such as Christmas and Fathers' Day see increased marketing activity.

Online advertising delivers timely promotional messages to consumers and includes email, social media and display advertising. The Company also utilises print advertising with brochure distribution, select print advertisements in magazines and newspapers, and letterbox drops all used during the year.

Media advertising such as radio and television is used to promote specific campaigns and increase brand awareness. Large scale advertising such as billboards and sponsored vehicle signage and skydive displays further support marketing goals.

Business Initiatives

The STB Group has a number of business arrangements with tourism bodies, both at a regional and state level. These arrangements provide invaluable support for the business and offer opportunities such as:

- Trade familiarisation programs
- Publicity opportunities
- Workshops
- Visitor publications
- Event partnerships and marketing opportunities
- Product programs and industry assistance

6.10 SAFETY & INSURANCE

Safety

The STB Group has developed carefully considered operational procedures and systems and is proud of its safety record in relation to injuries sustained with tandem skydiving throughout the STB Group. These are low and below the industry average.

The STB Group is the largest civilian purchaser of new parachuting equipment in the southern hemisphere. All tandem parachutes are fitted with a state of the art, automatic parachute activation device (AAD). In the unlikely event that the tandem instructor cannot open the parachute, the AAD is designed to perform this function with no human input.

All tandem jumpers who skydive near a water body are required to wear life jackets in the unlikely event of landing in water.

The APF audits the STB Group annually, with emphasis on equipment, safety systems, incident reporting and aircraft compliance.

There has never had a tandem skydive fatality within the STB Group and only one in the industry that occurred in 1985 when tandem jumping was first introduced to the public.

Insurance

The APF holds a master insurance policy for which each relevant STB Group company that operates a skydiving business is separately named as an insured. That policy indemnifies the insured against compensation it is legally liable to pay for third party personal injury and property damage whilst participating in parachuting activities conducted under the auspices of the APF.

All customers of STB Group become a member of the APF prior to their skydive and, as such, they fund the cost of such insurance which is included in the cost of their skydive.

In the event of an incident where injuries may be sustained, a full investigation is undertaken by the STB Group in conjunction with the APF and the appropriate state work cover authority (if required) to ensure the STB Group's policies and procedures were adhered to and the APF then manages all aspects of any potential claim.

Other insurance held by the STB Group includes personal liability, passenger cover, aviation hull and liability cover, management liability, workers compensation, equipment and motor vehicle insurance.

6.10 INTELLECTUAL PROPERTY

Pursuant to the STB Reorganisation, all the intellectual property once owned by the companies and trusts in the Aggregated Historical Group

OVERVIEW OF THE COMPANY AND PROPOSED ACQUISITION

is now owned by STB Group, through its wholly owned Subsidiary, Skydive Holdings Pty Ltd.

Trade Marks

STB Group (through Skydive Holdings Pty Ltd) owns the trade marks for;

- SKYDIVE THE BEACH (Registered No 1357701, Class 41)
- SKYDIVE THE BEACH AND BEYOND (Registered No 1502772, Class 41)

Skydive Holdings Pty Ltd also owns a logo trade mark under (Registered No 1548526 in Classes 9, 16, 25, 35, 39, 41, 43) which, among other things, features the name of the individual drop zones. STB Group also uses the unregistered logo trade mark as shown below;



Websites & Domain Names

In addition to www.skydive.com.au, STB Group (through Skydive Holdings Pty Ltd) owns approximately 147 domain names with active websites across the group, such as www.skydivethebeach.com.au, as well as individual drop zone websites, such as www.melbourneskydivecentre.com.au, that are all used to promote the business, using search engines such as Google, etc.

Business Names

STB Group owns 58 business names related to skydiving, related to each of the STB Group drop zones and the trade marks "Skydive The Beach" and "Skydive The Beach And Beyond".

STB Group maintains an active register of trade marks, domain and business names to protect the goodwill and the intellectual property built up over 15 years of skydive operations.

6.11 PROPOSED ACQUISITION

On 10th December 2014, Skydive the Beach and Beyond Sydney Wollongong Pty Limited (a wholly owned Subsidiary of the Company) entered into a share sale deed with the owners of the shares in Australia Skydive Pty Ltd ("Australia Skydive"), a complementary skydive business in Queensland and northern New South Wales (for further details of the Share Sale Deed and the acquisition refer to section 12.1).

The preconditions to completion of the transaction include, among other things:

- (a) Detailed warranties given by the vendors of those shares not being false, misleading or incorrect at completion of the transaction;
- (b) Approval of the transaction by the purchaser's board;
- (c) Any third party consents being obtained and encumbrances removed, including without limitation the obtaining of relevant consents from any government authorities to the transaction; and

- (d) The removal of certain subsidiaries of Australia Skydive from that company's group, but not certain of their key assets which are to be transferred to Australia Skydive.

The transaction is also subject to finance and stipulates that the acquisition must be complete by 31 March 2015 unless otherwise agreed.

The consideration for the acquisition of all of the shares in Australia Skydive is \$11.7 million, payable by way of a non-refundable deposit in 2 instalments totalling \$600,000 (already paid as at the date of this Prospectus), the payment of \$7.8 million at completion of the transaction, and a further amount of \$3.3 million payable over the following 3 years. The latter amount is the subject of a secured loan agreement between the purchaser and the vendors.

The purchaser will assume up to \$3 million of the Australia Skydive debt held at completion which relates to certain aircraft, aircraft engines, and motor vehicles. Usual vendor (and related entity) warranties and restraints apply.

On 28 November 2014, following confidential discussions between the Company's Directors and the Australian Competition & Consumer Commission ("ACCC"), the ACCC issued a letter confirming that based on the information provided by the Company to the ACCC in its submission to the ACCC dated 19 November 2014, the ACCC does not intend to conduct a public review of the Proposed Acquisition pursuant to section 50 of the Competition and Consumer Act 2010.

As a result of the Proposed Acquisition, when it completes on or before 31 March 2015, the STB Group's business will grow by the addition of a further 5 drop zones, taking the total number of drop zones operated by the Company and its then Subsidiaries to 16 drop zones.

The vendors of the shares in Australia Skydive have variously been operating skydiving businesses for 30 years. Australia Skydive was the first company to develop the tandem skydive in Australia. It operates tandem skydives only, under various trading names, in various locations in NSW and Queensland. It operates a fleet of 5 aircraft with varying passenger capacity. In 2012/13 financial year, the business of Australia Skydive completed 38,931 tandem jumps and completed 47,492 tandem jumps in the 2013/14 financial year.

The proposed merged entity comprising the STB Group and Australia Skydive accounted for approximately 54 per cent of the total annual tandem jumps nationally in FY2014.

6.12 STB GROUP INCLUDING THE PROPOSED ACQUISITION OF AUSTRALIA SKYDIVE

The following table sets out the Australia Skydive historical and budget jump numbers, up to and including the 2014/15 financial year. STB Group has assumed no growth in Australia Skydive jump numbers from the 2014/15 financial year to the 2015/16 financial year and will assess the growth prospects of each drop zone if and when the acquisition is complete.

OVERVIEW OF THE COMPANY AND PROPOSED ACQUISITION

Australia Skydive Jump Numbers (Actual & Forecast)

DROP ZONE	Number of Tandem Jumps					
	2012/13 ACTUAL	2013/14 ACTUAL	GROWTH %	2014/15 FORECAST	GROWTH %	2015/16 FORECAST
Australia Skydive Drop Zone Jump Numbers:						
Cairns	9,053	10,407	15.0%	10,595	1.8%	10,595
Brisbane	4,702	3,815	-18.9%	4,045	6.0%	4,045
Byron Bay	11,096	15,395	38.7%	15,631	1.5%	15,631
Mission Beach	10,936	12,547	14.7%	12,912	2.9%	12,912
Central Coast	3,144	5,328	69.5%	8,644	62.2%	8,644
Total Australia Skydive Drop Zones	38,931	47,492	22.0%	51,827	9.1%	51,827

Refer to Section 7.7, including the table on page 46

The rationale for the acquisition is:

- (e) For STB Group to be able to offer customers a truly national experience, the ability to jump at multiple sites across Australia;
- (f) The acquisition will allow faster growth than through establishment of greenfield start up sites;
- (g) To target the Queensland in-bound market, which is well established in Queensland;
- (h) To smooth out monthly revenue variance due to seasonality, with the North Queensland dry season offsetting the southern states winter season, and
- (i) To take advantage of considerable economies of scale (none of which have been factored into the financial forecasts set out below and in Section 7).

This transaction will also allow the STB Group to better compete with competitors such as indoor skydiving operators who can offer “jumps” that are cheaper, all weather and use less equipment.

STB Group drop zones including those from the proposed acquisition of Australia Skydive



6

OVERVIEW OF THE COMPANY AND PROPOSED ACQUISITION

Summary of STB Group Business Historical and Forecast Financial Performance, including the proposed acquisition of Australia Skydive

	FY2011	FY2012	FY2013	FY2014	FY2015*	FY2016*
Tandems	16,703	23,175	34,868	41,241	64,521	112,827
Turnover (\$'000)	6,101	8,913	15,385	18,025	27,561	47,535
EBITDA (\$'000)	723	1,658	3,196	4,454	6,209	10,942
EBITDA (%)	11.85%	18.59%	20.77%	24.71%	22.53%	23.02%

Notes:

*Includes 3 months in 2014/15 financial year and 12 months in 2015/16 financial year from proposed acquisition of Australia Skydive.

The Aggregated Historical Group statutory historical financial information above for the financial years 2010/11 to 2012/13 are unaudited and 2013/14 financial year has been extracted from the audited financial statements of the Aggregated Historical Group for the year ended 30 June 2014.

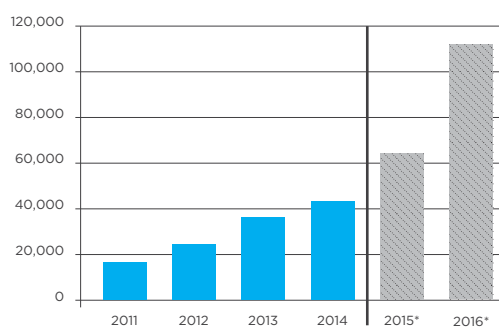
The forecast for 2014/15 financial year has been prepared on the basis that the Australia Skydive acquisition completes on 31 March 2015 and includes historical results to 31 December 2014 and forecast for the six months to 30 June 2015 relating to the STB Group for the year ending 30 June 2015 and for three months from 1 April 2015 to 30 June 2015 relating to Australia Skydive.

The pro forma forecast financial information for the 2015/16 financial year includes full year projections for the combined STB Group and Australia Skydive businesses. For the purposes of preparation of the pro forma forecast financial information, Australia Skydive budgeted revenue and expenses for 2014/15 financial year have been assumed to remain identical in the 2015/16 financial year with an allowance for inflationary increases or slightly above inflationary increases in revenue or costs.

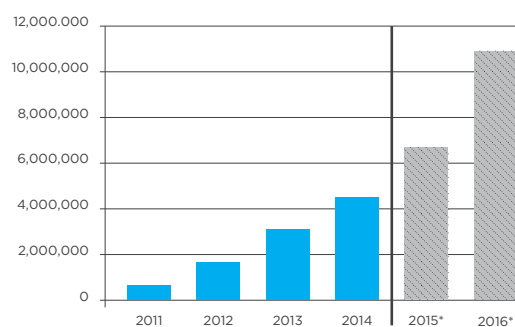
For further details of the historical results and financial forecasts see Section 7.

* The following graphs are a representation of the information in the table above.

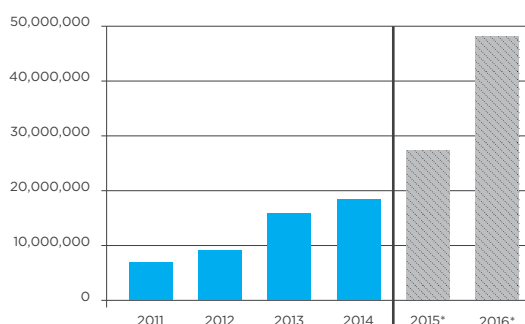
TANDEMS



EBITDA (\$)



TURNOVER



OVERVIEW OF THE COMPANY AND PROPOSED ACQUISITION

6.13 COMPETITION

Other Skydive Operators

The industry is characterised by a large number of suppliers, operating at multiple sites across Australia. There are currently 71 registered parachute organisations across Australia according to APF, offering skydiving services, mostly based on east coast. Barriers to entry are low, hence the number of smaller operators. Technical, safety, training, aircraft and administration experts are available for free to start ups through the APF, while take off and jump landing sites/locations are relatively easy to find, using existing airfields (for a fee) or sites that can be leased or licensed.

Planes can be hired, leased or purchased and parachutes can be hired or purchased new or second hand. Pilots and other staff can be casually employed.

Some of the STB Group drop zone leases and licences are subject to annual renewals, and are the subject of a tender process and such leases are non-exclusive, but it is worth noting that STB Group has never had a licence renewal for an existing drop zone site refused to date. The majority of sites are the subject of long term leases with options to extend. See sections 12 and 13 for details of STB Group leases.

Nonetheless, scale has the advantage of reduced cost per tandem by using highly fuel efficient turbo prop aircraft, together with economies of scale in marketing & sales and back office operations and administration.

STB Group's market share in the 2013/14 financial year was approximately 27%, with 41,241 tandem jumps out of an estimated total of 160,000 Australia wide. It is anticipated that this will rise to circa 54% of the total tandem jumps nationally and is forecast to exceed 100,000 jumps on an annualised basis for the financial year 2015/16.

Indoor Skydiving

Indoor skydiving in Australia is relatively new, but internationally there are over 40 "wind tunnels" operating in USA and Europe, each of which provides a simulation of freefall skydiving, without the need to ascend to 14,000 feet in an aircraft.

Experienced skydivers or "fun jumpers" use wind tunnels for training and honing their skills, so competition from indoor skydiving could have an effect on the number of jumps taken by experienced skydivers, but is unlikely to affect tandem jumps and is considered complimentary to the tandem operations of the STB Group. Fun jumpers make up less than 5% of STB Group's revenue, while tandem jumpers provide 95% of revenue.

STB Group has a cross promotional marketing arrangement with ISA Group Limited, operator of IFLY Downunder windtunnel at Penrith, New South Wales, to encourage indoor flyers to try tandem jumping and vice versa.

Other "Adrenalin" or Adventure Pursuits

Other competitors include other "adrenalin" or adventure activities, such as bungee jumping, V8 supercar, prestige and rally car drives, white water rafting, jet boat rides, quad biking, joy flights, diving with sharks, abseiling, bridge climb,

scuba diving, reef trips, kayaking, kite surfing, surf schools and scenic cable cars, as well as adventure parks like Dreamworld, SeaWorld, Luna Park, Scenic World, etc.

Each of these pursuits is competing for the adventure dollar. STB Group expends approximately 9% of its revenue in marketing to ensure it optimises its share of this ever expanding market.

FINANCIAL INFORMATION



FINANCIAL INFORMATION

7.1 BACKGROUND TO THE SKYDIVE THE BEACH GROUP AGGREGATED GROUP

Skydive the Beach Group Limited was incorporated on 19 December 2013 to become the parent company to the Skydive The Beach Group of companies that were substantially owned by interests associated with the founder, Anthony Boucaut, for the purpose of raising new capital and listing on the ASX.

The Skydive the Beach Group Aggregated Historical Group (“**Aggregated Historical Group**”) was comprised of multiple entities with various shareholders and directors and the respective entities are listed below:

- Skydive the Beach Group Limited
- Skydive the Beach Hybrid Trust
- Bill & Ben Investments Pty Limited
- Aircraft Maintenance Centre Pty Limited
- Skydive Holdings Pty Limited
- Skydive the Beach Melbourne Discretionary Trust
- Skydive the Beach Central Coast Discretionary Trust
- Skydive the Hunter Valley Pty Limited
- Skydive Perth Discretionary Trust
- Melbourne Skydive Centre Discretionary Trust
- B & B No. 2 Pty Limited
- Skydive the Beach Great Ocean Road Discretionary Trust
- Skydive the Beach Arlie Beach Pty Limited

The Aggregated Historical Group was audited for the year ended 30 June 2014 and the statutory financial information which appears in this Section 7 has been extracted from an Aggregated Special Purpose Financial Report that was prepared to reflect the position that would have been in place, had all of the entities forming part of the newly established STB Group Limited been subsidiaries for the year ended 30 June 2014.

The unaudited results for the year ended 30 June 2013 were extracted from the Aggregated Special Purpose Financial Report for the year ended 30 June 2014. The figures reflected for 30 June 2013 as comparatives were compiled from the accounting records of the individual entities comprising the Aggregated Historical Group, and adjusted for changes to the Accounting Policies identified in the year ended 30 June 2014 having an impact on the year ended 30 June 2013 and preceding financial years. Any inter group balances and transactions that were identified were eliminated, and all known errors relating to the year ended 30 June 2013 and preceding financial years were adjusted.

As at 1 July 2014, the STB Group was the subject of the reorganisation (“**STB Reorganisation**”) such that all the businesses and companies in the Aggregated Historical 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 certain of the companies below, in return for shares in the Company, such that each of the companies below became a wholly owned subsidiary of the Company.

After the STB Reorganisation was completed, a single parent entity, being the Company, owned 100% of the following new Subsidiary companies:

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

The financial information contained in this Section 7 includes:

- Unaudited historical financial information for the Aggregated Historical Group being the:
 - Unaudited historical income statement for FY2013 (“**unaudited Aggregated Historical Group historical income statement**”); and
 - Unaudited historical cash flow statement for FY2013 (“**unaudited Aggregated Historical Group historical cash flow statement**”);

(together, the “**unaudited Aggregated Historical Group historical financial information**”).

- Statutory historical financial information for the Aggregated Historical Group being the:
 - Statutory historical income (statement for FY2014 (“**Aggregated Historical Group statutory historical income statement**”)); and
 - Statutory historical cash flow statement for FY2014 (“**Aggregated Historical Group statutory historical cash flow statement**”);

(Together, “**Aggregated Historical Group statutory historical financial information**”).

- Statutory historical financial information for the STB Group being the:

FINANCIAL INFORMATION

- Statutory historical income statement for the six months to 31 December 2014 (“**STB Group statutory historical income statement**”);
- Statutory historical cash flow statements the six month ended 31 December 2014 (“**STB Group statutory historical cash flow statement**”); and
- Statutory historical balance sheet as at 31 December 2014 (“**STB Group statutory historical balance sheet**”),

(Together, “**the STB Group statutory historical financial information**”).

- Pro forma historical financial information for STB Group being the:
 - Pro forma historical balance sheet as at 31 December 2014 assuming the minimum proceeds of \$10m are raised from the Offer
 - Pro forma historical balance sheet as at 30 June 2014 assuming maximum proceeds of \$20m are raised from the Offer,

(together, the “**pro forma historical balance sheets**”), the unaudited Aggregated Historical Group historical financial information, the Aggregated Historical Group statutory financial information, the STB Group statutory historical financial information and the pro forma historical balance sheets together form the “**historical financial information**”)

- Pro forma forecast information for the STB Group being the:
 - Pro forma forecast income statement for the year ending 30 June 2015 assuming the Australia Skydive acquisition occurs on 1 April 2015;
 - Pro forma forecast income statement for the year ending 30 June 2016 assuming the Australia Skydive acquisition occurs as at 1 April 2015

(the “**pro forma forecast financial information**”)

Also summarised in this Section 7 are:

- The basis of preparation and presentation of the financial information ; and
- Sources and uses of funds raised;
- Proposed dividend policy;
- Commentary on capital expenditure;
- Commentary on future acquisitions; and
- Commentary on debt.

All amounts disclosed in the tables in this Section are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest thousand.

7.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

The directors are responsible for the preparation and presentation of the financial information of the Aggregated Historical Group and the STB Group.

7.2.1 Preparation of the Unaudited Aggregated Historical Group Historical Financial Information

The unaudited Aggregated Historical Group historical financial information has been extracted from the unaudited comparative financial information presented in the audited financial statements of the Aggregated Historical Group for the year ended 30 June 2014.

Investors should be aware that the directors have presented the unaudited Aggregated Historical Group historical financial information for illustrative and comparative purposes only and that it has not been audited nor has it been reviewed by the investigating accountant. For further information, investors should read the qualified audit opinion rendered in relation to the Aggregated Historical Group statutory historical financial information presented in section 7.2.2.

7.2.2 Preparation of the Aggregated Historical Group Statutory Historical Financial Information

The Aggregated Historical Group statutory historical financial information has been extracted from the audited financial statements of the Aggregated Historical Group for the year ended 30 June 2014.

The Aggregated Historical Group statutory historical income and Aggregated Historical Group statutory historical cash flow statements have been audited by RSM Bird Cameron Partners (“**RSMBCP**”).

RSMBCP issued a qualified opinion in respect of the Aggregated Historical Group financial statements for the year ended 30 June 2014. The basis of the qualification was as follows:

“We were appointed as auditors of the aggregated group on 4 July 2014. We were unable to satisfy ourselves by alternative means concerning the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2013, disclosed as corresponding figures. As a result, we have been unable to determine whether adjustments to these amounts might have been necessary.”

In the opinion of RSMBCP, except for the possible effects on the corresponding figures of the matter described in the basis of qualification, the financial information has been prepared and presented in accordance with the key accounting policies set out later in this Section. The key accounting policies have been consistently applied throughout the periods presented, and are expected to be the key accounting policies of the STB Group.

The Aggregated Historical Group financial information has been prepared in accordance with the recognition and measurement principles of the Australia Accounting Standards adopted by the Australian Accounting Standards Board (AASB), the Corporations Act and the accounting policies adopted by the Aggregated Historical Group.

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The Aggregated Historical Group statutory historical financial information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

7.2.3 Preparation of the STB Group Statutory Historical Financial Information

The STB Group statutory historical financial information has been extracted from the reviewed financial statements of the STB Group for the six months ended 31 December 2014.

The STB Group Statutory Historical Financial Information has been reviewed by RSMBCP.

A review is not an audit and the level of assurance provided is less than an audit opinion. RSMBCP issued an unqualified review opinion in respect of the STB Group financial statements for the six months ended 31 December 2014.

The STB Group financial information has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards issued by the AASB, the Corporations Act and the accounting policies adopted by the Company.

The STB Group statutory historical financial information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

7.2.4 Preparation of Pro Forma Historical Financial Information

The pro forma historical financial information has been prepared using the STB Group statutory historical balance sheet and certain pro forma adjustments in relation to the proposed IPO which is the subject of this Prospectus. In particular, the directors pro forma adjustments are intended to made to reflect the impact of, inter alia, the Australia Skydive acquisition (and related costs) and the proposed IPO (and related costs), as though they had occurred as at 31 December 2014.

The directors pro forma adjustments are set out in more detail in section 7.4 below.

The pro forma historical financial information has been prepared, to the extent noted in Section 7.4, in accordance with the recognition and measurement principles of the Australian Accounting Standards issued by the AASB, the Corporations Act and the accounting policies adopted by the Company.

The pro forma historical financial information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

7.2.5 Preparation of Pro Forma Forecast Financial Information

The forecast financial information is presented on pro forma basis.

The pro forma financial information has been prepared by the STB Group directors based on an assessment of current economic and operating conditions and on a number of best estimate assumptions regarding future events and actions as set out in Section 7.7. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur.

The pro forma forecast information has been prepared on a basis consistent with the historical information in that it has been prepared in a manner consistent with the recognition and measurement principles of Australian Accounting Standards.

Pro forma adjustments have been made to reflect the forecast financial information of the STB Group assuming, inter alia, the Australia Skydive acquisition completes as at 1 April 2015 together with the new capital and ownership structure that is expected to be in place on or before that date.

For clarification the pro forma financial information includes the impact of the Australia Skydive acquisition for the full year FY2016 only.

The directors of the STB Group consider the best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, by its nature, prospective information is not fact, and investors are cautioned not to place undue reliance on the pro forma forecast financial information.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the pro forma forecast financial information, and that this may have a material positive or material negative effect on the STB Group's actual financial performance or financial position. In addition, the assumptions upon which the pro forma forecast financial information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of the STB Group, the Directors and management, and are not reliably predictable.

Further, assumptions made in relation to the operations of Australia Skydive have been based upon unaudited financial and other operating information provided by Australia Skydive during the course of pre-acquisition discussions between the parties, and due diligence undertaken by STB Group management and advisors. Australia Skydive has represented to the STB Group that the information is materially accurate and the directors of the STB Group consider this information to have been provided in good faith, however, note that they have not operated the Australia Skydive business and therefore are not able to warrant the accuracy of the information provided and upon which these forecasts are based.

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Accordingly, none of STB Group, the directors, nor any other person can give investors any assurance that the outcomes discussed in the pro forma forecast financial information will occur.

The pro forma forecast financial information should be read in conjunction with the assumptions as set out in Section 7.7, the sensitivity analysis as set out in Section 7.7.2, the risk factors as set out in Section 10 and other information in this Prospectus.

STB Group has no intention to update or revise the pro forma forecast financial information or other forward looking statements regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The financial information presented in this Section should be read in conjunction with the risk factors set out in Section 10 and other information contained in this Prospectus.

7.3 STATUTORY HISTORICAL INCOME STATEMENT

The table below presents the unaudited Aggregated Historical Group, the Aggregated Historical Group and the STB Group statutory historical income statements.

YEAR ENDED 30 JUNE \$'000	2013 UNAUDITED	FY2014 AUDITED	SIX MONTHS TO 31 DECEMBER 2014 REVIEWED
Revenue	15,385	18,026	10,021
Cost of Sales	(9,650)	(9,308)	(5,103)
Gross Profit	5,734	8,718	4,918
Other income	1,747	422	295
Total income	7,481	9,140	5,212
Expenses			
- Administration	(851)	(1,329)	(762)
- Occupancy	(844)	(739)	(389)
- Marketing & advertising	(1,687)	(1,802)	(1,077)
- Repairs & maintenance	(350)	(97)	(119)
- Other	(551)	(719)	(686)
Total expenses	(4,285)	(4,686)	(3,033)
EBITDA	3,196	4,454	2,180
- Depreciation and amortisation	(640)	(906)	(511)
- Finance costs	(376)	(426)	(389)
Profit before tax	2,180	3,122	1,279
Tax expense	(668)	(1,093)	(509)
NPAT	1,512	2,029	770

Notes:

1. The Aggregated Historical Group and STB Group had one operating segment being provision of skydiving related services and a corporate centre supporting the business.
2. No adjustments have been made to the statutory historical income statement to illustrate the pro forma impact of listed company costs.
3. The Directors of the STB Group estimate listed company costs to be \$500k pa which includes director's fees, insurances, annual reporting and compliance expenses.

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7.4 PRO FORMA HISTORICAL BALANCE SHEET

The pro forma historical balance sheets below (one to reflect the minimum subscription of \$10 million and one to reflect the maximum subscription of \$20 million) illustrate the adjustments that have been made to the STB Group statutory historical balance sheet to prepare pro forma balance sheets as at 31 December 2014.

The pro forma adjustments reflect the impact of the Australia Skydive acquisition, the IPO and the capital structure that will be in place following completion of the Offer as if it had occurred or was in place as at 31 December 2014.

	Minimum subscription			Maximum subscription		
AS AT 31 DECEMBER 2014 \$'000	STB GROUP REVIEWED	AUSTRALIA SKYDIVE UNAUDITED PRO FORMA	PRO FORMA ADJUSTMENTS	PRO FORMA MINIMUM	PRO FORMA ADJUSTMENTS	PRO FORMA MAXIMUM
Assets						
Current assets						
Cash and cash equivalents	1,445	956	849	3,250	10,339	12,741
Trade and other receivables	2,095	827	(216)	2,706	(216)	2,706
Inventories	1,032	236	-	1,269	-	1,269
Other	335	254	-	589	-	589
Total current assets	4,908	2,274	633	7,814	10,123	17,304
Non-current assets						
Property, plant and equipment	11,126	7,368	-	18,494	-	18,494
Other non current assets	400	-	(400)	-	(400)	-
Intangible assets	1,551	480	-	2,032	-	2,032
Excess of consideration over Australia Skydive pro forma net assets	-	-	6,373	6,373	6,373	6,373
Total non-current assets	13,077	7,848	5,973	26,899	5,973	26,899
Total assets	17,985	10,122	6,606	34,713	16,097	44,203
Liabilities						
Current liabilities						
Trade and other payables	2,297	1,122	-	3,419	-	3,419
Borrowings	1,512	-	300	1,812	300	1,812
Income held in advance	267	525	-	792	-	792
Provisions	176	148	-	324	-	324
Current tax liabilities	1,136	-	-	1,136	-	1,136
Total current liabilities	5,388	1,795	300	7,483	300	7,483
Non-current liabilities						
Borrowings	6,469	3,000	3,000	12,469	3,000	12,469
Deferred tax liabilities	388	-	-	388	-	388
Provisions	48	-	-	48	-	48
Total non-current liabilities	6,905	3,000	3,000	12,905	3,000	12,905
Total liabilities	12,293	4,795	3,300	20,388	3,300	20,388
Net assets	5,692	5,327	3,306	14,325	12,797	23,815
Equity						
Issued capital	27	4,008	4,812	8,847	14,303	18,338
Revaluation reserve	-	4,653	(4,653)	-	(4,653)	-
Retained earnings	5,666	(3,334)	3,146	5,478	3,146	5,478
Total equity	5,692	5,327	3,306	14,325	12,797	23,815

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The directors pro forma adjustments made are:

1. The pro forma adjustments include consideration of \$11.7 million for the acquisition of the Australia Skydive equity (discussed at section 6.12) which is assumed to be funded in accordance with the SPA.

CONSIDERATION	\$
Cash deposit paid in December 2014	400,000
Cash deposit paid in February 2015	200,000
Initial consideration paid payable in March 2015	7,800,000
Vendor finance	3,300,000
Consideration for the Australia Skydive equity	11,700,000

2. Australia Skydive is a private company and is not required to, and does not, produce audited or reviewed financial statements. Further, a condition precedent to the acquisition is a reorganisation of the existing Australia Skydive group under which certain subsidiaries will be removed from the group and any related party balances eliminated.

To assist investors in their assessment of the pro forma financial position of the STB Group as at 31 December 2014 (assuming the acquisition of Australia Skydive completed as at that date), the directors of STB Group have prepared the unaudited pro forma Australia Skydive balance sheet as at 31 December 2014 presented above. The unaudited pro forma Australia Skydive balance sheet has been prepared based on the unaudited consolidated management balance sheet of Australia Skydive as at 31 December 2014 adjusted for issues identified in the directors due diligence on the Australia Skydive financial position as at 31 December 2014, and includes:

- Pro forma working capital balances (current assets and current liabilities) extracted from the unaudited Australia Skydive consolidated management accounts as at 31 December 2014;
- The STB Directors pro forma estimate of the fair value of the aircraft owned by Australia Skydive;
- Pro forma intangible assets (representing Trademarks, Goodwill and Licences) extracted from the unaudited consolidated Australia Skydive management accounts as 31 December 2014;
- Pro forma borrowings of \$3.0 million being the maximum level of debt which, pursuant to the SPA, will be assumed by the STB Group upon acquisition; and
- Where the STB directors have restated the carrying value of assets or liabilities in preparing the unaudited pro forma Australia Skydive consolidated balance sheet as at 31 December 2014, such restatements have also been reflected in the revaluation reserve or retained earnings as appropriate.

The directors of STB Group do not represent that the unaudited pro forma Australia Skydive balance sheet as at 31 December 2014 has been prepared in accordance with Australian Accounting Standards.

3. The excess of consideration over the STB directors unaudited pro forma Australia Skydive net assets acquired is \$6,373,344.
4. The vendor finance amount of \$3.3 million is payable three years from settlement and has been classified as a pro forma non-current liability in the pro forma balance sheet. The amount payable bears interest at 6% and has not been discounted to present value.
5. The Share Sale Deed allows for STB to assume debt of up to \$3.0 million. In line with the terms of certain existing STB Group borrowings, the terms of the assumed debt are estimated to be a five year loan with 50% of the initial balance amortising and 50% of the initial balance a residual payment. Accordingly, one fifth of the 50% amortising portion of the assumed debt has been classified as pro forma current (\$300,000) with the remaining portion together with the residual amount (\$2.7 million), classified as pro forma non-current.
6. The pro forma balance sheet reflects costs, not yet incurred, relating to the acquisition of Australia Skydive of \$164,774 which will be expensed in accordance with their likely treatment under AASB 3 – Business Combinations.
7. The pro forma balance sheet reflects costs of the Offer, not yet incurred, of \$58,100 which are recognised as pro-forma expenses (shown in retained earnings) as at 31 December 2014 as they are, in the directors' view, expected to be incurred for matters other than the raising of new issued capital.
8. The pro forma balance sheet includes a reversal of costs of the Offer of \$216, 231 recorded in Trade & other receivables as at 31 December 2014. These costs have been set off against new issued capital.
9. A pro forma adjustment has been made to reallocate certain costs (\$35,000) which were expensed (and in retained earnings) as at 31 December 2014 which are pro forma costs of raising new issued capital.

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10. The pro forma balance sheet reflects, as a result of the Offer under the minimum subscription scenario, a contributed equity increase of \$8.8 million through the issue of shares by the Company (\$10.0m less the portion of IPO transaction costs to be offset against new issued capital of \$1.2 million).
11. The pro forma balance sheet reflects, as a result of the Offer under the maximum subscription scenario, a contributed equity increase of \$18.3 million through the issue of shares by the Company (\$20.0 million less the portion of IPO transaction costs to be offset against new issued capital of \$1.7 million).
12. The pre-acquisition unaudited Australia Skydive pro forma issued capital, revaluation reserve and retained earnings have been eliminated upon acquisition.

The pro forma historical balance sheet is provided for illustrative purposes only and is not represented as being indicative of the STB Group's future financial position. In particular, oversubscriptions (if any) are not taken into consideration.

The STB Group will undertake a purchase price allocation (PPA) for the acquisition of Australia Skydive under AASB 3 Business Combinations as required under Australian Accounting Standards. The pro forma balance sheet does not reflect the impact of any adjustments which may arise from the PPA process.

Further information on the sources and uses of funds of the Offer is contained later in this section.

7.4.1 Share Capital

The table below sets out a reconciliation of share capital from 30 June 2014 to post Offer indicating the effect of the Offer.

ISSUED CAPITAL	NUMBER OF SHARE	\$
Total share capital at 30 June 2014	26,618,080	\$26,618
Shares issued to acquire the Aggregated Historical Group on 1 July 2014	166,751,620	-
Total Share Capital after acquisition of the Aggregated Historical Group	193,369,700	\$26,618
Share capital issued arising from the Offer – minimum scenario	40,000,000	\$8,820,719
Total share capital post Offer - minimum scenario	233,369,000	\$8,847,337
Additional share capital issued from the Offer – maximum scenario	80,000,000	\$18,311,123
Total share capital post Offer - maximum scenario	273,369,700	\$18,337,741

Notes:

1. Cost of the offer (\$1.2m under the minimum raising and \$1.7 under the maximum scenario) have been set off against the capital raised under the Offer.
2. Oversubscriptions (if any) are not reflected in the above table.

7.4.2 Liquidity and Capital Resources

Following Completion of the Offer, the STB Group's principal sources of funds will be the cash proceeds raised from the Offer together with operating cash flow from the STB Group existing business, and upon completion of the acquisition, from the Australia Skydive business.

STB Group expects that it will have sufficient working capital available from its operating cash flow from the existing business together with the cash proceeds of the Offer under the minimum and maximum scenario to fulfil the purposes of the Offer and meet its stated business objectives.

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7.5 SUMMARY STATUTORY HISTORICAL CASH FLOW STATEMENTS

Set out below is a summary of the unaudited Aggregated Historical Group's historical, the Aggregated Historical Group statutory historical and STB Groups statutory historical cash flow statements.

30 JUNE YEAR END \$ '000	2013 UNAUDITED	2014 AUDITED	SIX MONTHS TO 31 DECEMBER 2014 REVIEWED
Cash flows from operating activities			
Receipts from customers	15,198	17,749	7,936
Payments to suppliers and employees	(14,146)	(12,342)	(6,509)
Finance costs	(376)	(426)	(389)
Tax received/(paid)	(86)	(386)	(274)
Operating cash flow before financing	590	4,595	763
Cash flows from investing activities			
Payments for plant & equipment	(2,335)	(4,956)	(1,546)
Deposits paid	-	-	(400)
Cash acquired from STB Reorganisation	-	-	1,192
Net cash used in investing activities	(2,335)	(4,956)	(754)
Cash flows from financing activities			
Dividends paid	(625)	-	-
Proceeds from issued capita;	-	27	-
Proceeds from borrowings	2,237	1,211	1,419
Net cash provided by financing activities	1,612	1,238	1,419
Net increase / (decrease) in cash held	(133)	877	1,428
Cash at beginning of financial year	448	315	17
Cash at end of financial year	315	1,192	1,445

Notes:

- Adjustments have not made to the statutory cash flow statements to illustrate the pro forma impact of listed company costs.
- Historically, Aggregated Historical Group and the STB Group have used cash generated by the business to invest in additional capital assets and to acquire the assets and business of complementary skydiving operations.

7.6 MANAGEMENT DISCUSSION AND ANALYSIS OF THE STATUTORY HISTORICAL
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7.6.1 General Factors Affecting the Operating Results

Below is a discussion of the general factors which affected Aggregated Historical Group and the STB Group's operations and relative financial performance in FY2013 and FY2014 and the six months to 31 December 2014 which the Directors expect may continue to affect it in the future.

The discussion of those general factors is intended to provide a brief summary only and does not detail all factors that affected Aggregated Historical Group and the STB Group's historical operating and financial performance, nor everything which may affect operations and financial performance in the future.

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Revenue

Key revenue items include:

- **Jump revenue** – The majority of jump revenue is derived from tandem skydives. Student first jump training and experienced skydiver jumps complement the revenue base.

Factors affecting jump revenue are booking numbers, per flight aircraft lift capacity, booked to jumped processing rates and jump retail prices. Increases in jump revenue during FY2013 and FY2014 have been experienced which the directors consider has resulted from a combination of going concern acquisitions, development of greenfield sites, diversification of product and organic growth at existing drop zones/sites.

- **Audiovisual product revenue** – Revenue is raised from the sale of audio visual products produced from the filming of customer jumps. The percentage of customers who purchase these products, the retail price to the consumer and the ability of staff to make sales are key variables. The STB Group has diversified the range of audio-visual products available and increased the percentage of customers who purchase these products.

Operating Expenses

Key expense items include:

- **Tandem instructor costs** – Tandem instructors, who are all sub-contractors to the business, are remunerated on a per jump and per video capture basis. Tandem instructor costs account for approximately 19% of the revenue dollar from a tandem jump. The cost is fixed to a contracted amount percentage of ultimate sale. Due to the nature of "piece pay" remuneration, instructors capturing the video images of the jump are also part of the sales process.
- **Fuel costs** – Fuel is a significant expense in aviation businesses and represents approximately 9% of the revenue dollar. Factors affecting fuel costs are cost per litre, aircraft loading efficiencies, maximum lift capacity of an aircraft, performance of the aircraft and engine fuel burn characteristics. The STB Group has secured volume discounts on the per litre price of fuel. The directors consider that expansion in the business may allow negotiation of additional discounts.

The purchase of modern fuel efficient and large load carrying turbine aircraft has lowered fuel cost per head. STB Group's investment in operational management training, booking and site management systems has increased aircraft load efficiency and lowered fuel cost per head.

- **Operating expenses** – Operating expenses include staff wages, purchase and maintenance of skydiving equipment, vehicles, insurances, technology and IT and represent approximately 9% of the revenue dollar. The STB Group manages its costs through selection and training of operations managers, the aggregating of positions and focus on customer processing rates.

Skydiving equipment is generally repaired in house and bulk purchase discounts for new

equipment are negotiated. The purchase and development of booking, site and aircraft management software have assisted managing operational costs. The directors consider the STB Group has a sound reporting structure with key personnel accountable to operational performance and key performance indicators.

7.7 PRO FORMA FORECAST FINANCIAL INFORMATION

The table below sets out the directors pro forma forecast financial information for the STB Group (including the Australia Skydive acquisition from 1 April 2015) for FY2015 and FY 2016.

FORECAST YEAR ENDING 30 JUNE \$'000	2015 PRO FORMA	2016 PRO FORMA
Revenue	27,561	47,535
Cost of Sales	(14,397)	(26,613)
Gross Profit	13,164	20,922
Other income	339	93
Expenses		
- Administration	(2,007)	(2,881)
- Occupancy	(830)	(1,031)
- Marketing & advertising	(2,656)	(4,278)
- Repairs & maintenance	(215)	(420)
- Other	(1,386)	(1,463)
EBITDA	6,209	10,942
- Depreciation and amortisation	(1,079)	(1,663)
- Finance costs	(649)	(774)
Profit before tax	4,481	8,505
Tax expense	(1,548)	(2,784)
NPAT	2,933	5,721

Notes:

1. Assumes the Australia Skydive acquisition is completed as at 1 April 2015.

7.7.1 Key Assumption Made in the Preparation of the Pro Forma Financial Forecasts

In preparing the STB Group Pro Forma Financial Forecasts, STB Group has applied assumptions relating to key factors affecting the financial performance of the Company. These assumptions are set out below as general assumptions and specific assumptions relating to key revenue costs and cashflows of the company. These assumptions should be read in conjunction with the sensitivity analysis set out in section 7.7.2, the risk factors set out at section 10 and the other information set out in this Prospectus.

General Assumptions

The general assumptions adopted in preparing the STB Pro Forma Financial forecasts (including the acquisition of Australia Skydive) are set out below:

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- no material change in the weather patterns and effects of seasonality at the locations in which the STB Group operates;
- no material change in the competitive environment in which the STB Group operates;
- no significant deviation from current market expectations of global or local Australian economic conditions (including financial market stability) relevant to the STB Group;
- no material changes in Commonwealth, state or local government legislation (including tax legislation) regulatory requirements or government policy that will have a material impact on the financial performance or cash flows, financial position, accounting policies, financial reporting or disclosure of STB Group;
- no material changes to the Australian Accounting Standards or other mandatory professional reporting requirements or the Corporations Act, which have a material effect on the STB Group's financial performance, financial position, accounting policies, financial reporting or disclosure;
- no material business acquisitions or disposals;
- no material industrial or employee relations disputes strikes, acts of terrorism or other disturbances, environments costs or legal claims which have a material impact on the STB Group;
- key personnel, particularly the senior management team, are retained and STB Group maintains its ability to recruit and retain the required personnel and retain contractor relationships to operate the business in the manner expected at the time of preparation of the STB Group Pro Forma Financial Forecasts;
- no material changes to the tourism, aviation or skydive business that would have a material impact on demand for , or prices of, the Company's tandem skydives, DVD sales and related products;
- no change in the Company's capital structure other than as set out in, or contemplated in, this Prospectus;
- no material amendment to any material agreement or arrangement relating to the Company's business other than as set out in, or contemplated by, this Prospectus;
- no material cash flow or income statement or financial position impact in relation to litigation (existing or otherwise);
- none of the Investment Risks listed at Section 10 have a material adverse impact on the future operations of the Company;
- the Offer proceeds to Completion in accordance with the timetable set out in Important Dates on page 7 of this Prospectus;
- the acquisition of Australia Skydive proceeds as contemplated in this Prospectus;
- all **specific assumptions**.

The specific assumptions made by the directors in preparing their forecasts are set out below:

Acquisition of Australia Skydive

The pro forma financial information has been prepared on the basis that the Australia Skydive acquisition completes on 31 March 2015. Accordingly, the pro forma financial information for FY2015 includes historical (to 31 December 2014) and forecast revenue and expenses (for the six months to 30 June 2015) relating to the STB Group for the year ending 30 June 2015 and relating to Australia Skydive for the three months from 1 April 2015 to 30 June 2015.

The pro forma forecast financial information for FY2016 includes full year projections for the combined STB Group and Australia Skydive businesses.

For the purposes of preparation of the pro forma forecast financial information, the number of Australia Skydive budgeted jumps and DVD sales number of for FY 2015 have been assumed to remain identical in FY2016.

Revenue

Key revenue assumptions include:

Jump numbers

Tandem revenue is forecast on the basis of expected number of tandem jumps and the average price paid by customers for the jumps. The table in Section 6, which sets out the Australia Skydive historical and forecast jump data was prepared by Australia Skydive management up to and including FY2015. STB Group have assumed no growth in Australia Skydive jump numbers from FY2015 to FY2016 and will assess the growth prospects of each drop zone after the acquisition is complete.

The following table sets out the combined actual and forecast jump numbers, including Australia Skydive from 1 April 2015 and including FY2016 being the first full year of the combined operation.

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STB Group Forecast Jump Numbers and Assumptions

FY2014 Actual

FY2015 Actual to 31/12/2014, Forecast 6 months, incl ASG for 3 months from 1/4/2015

FY2016 Forecast STB and Australia Skydive for 12 months

Number of Tandem Jumps							
DROP ZONE	MARKET	STARTED	FY2014	FY2015	YOY%	FY2016	YOY%
STB Group Existing Drop Zones:							
Wollongong, NSW	Mature	1999	18,781	19,310	2.8%	19,500	1.0%
Central Coast, NSW	Mature	2011	1,126	1,200	6.6%	1,200	0.0%
Hunter valley, NSW	Mature	2010	1,573	1,800	14.4%	1,800	0.0%
Newcastle, NSW	Startup	2014	0	1,200	0.0%	1,800	50.0%
St Kilda, Vic	Growth	2011	4,948	5,400	9.1%	6,000	11.1%
Lilydale, Vic	Growth	2012	3,450	4,000	15.9%	4,400	10.0%
Great Ocean Rd, Vic	Growth	2012	4,824	6,000	24.4%	6,600	10.0%
York, WA	Growth	2012	4,568	5,200	13.8%	5,700	9.6%
Perth City, WA	Startup	2013	641	1,500	134.0%	2,000	33.3%
Rockingham, WA	Startup	2013	497	1,500	201.8%	2,000	33.3%
Airlie Beach, Qld	Acquisition	2014	833	5,000	500.2%	6,000	20.0%
Total STB DZs			41,241	52,110	26.4%	57,000	9.4%
Australia Skydive Acquired Drop Zones: (FY2015 contribution from Australia Skydive only from acquisition at 31 March 2015)							
Cairns, Qld	Acquisition	2015		2,511	n/a	10,595	0.0%
Brisbane, Qld	Acquisition	2015		827	n/a	4,045	0.0%
Byron Bay, NSW	Acquisition	2015		4,465	n/a	15,631	0.0%
Mission Beach, Qld	Acquisition	2015		2,731	n/a	12,912	0.0%
Central Coast, NSW	Acquisition	2015		1,877	n/a	8,644	0.0%
Total ASG DZs			0	12,411	n/a	51,827	0.0%
Ballina*, NSW	Aquisition	2016	0	0	0%	4000	0%
Total STB Group Jump Numbers			41,241	64,521	56.4%	112,827	74.9%

Commentary on Each Drop Zone Forecast – STB Group

Wollongong	Over the four years from FY2011 to FY2014, the number of jumps undertaken at the Wollongong drop zone has grown by an average 4.9% per annum (FY2011 - 16,265 tandem skydives, FY2014 - 18,781 tandem skydives)
	In preparing the forecasts, the Directors have assumed growth rates below the historical average. This is due, in part, to the Directors recognising that the Wollongong drop zone is relatively mature, having been in operation for in excess of 15 years using the current aircraft configuration.
	Accordingly, the number of tandem jumps is forecast to be 19,310 (year on year ('YOY') growth 2.2%) in FY2015 and 19,500 (YOY growth 1.0%) in FY2016.
Central Coast	The Central Coast drop zone has been operating for three full financial years. Over the period from FY2012 to FY2014, the Central Coast drop zone has grown at an average 18.8% per annum (FY2012 - 798 tandem skydives, FY2014 - 1,126 tandem skydives)
	In FY2015, the Directors have assumed a growth rate of 6.6%, which is lower than the historical average YOY growth rate due to the potential capacity constraints associated with the type of aircraft used at the Central Coast drop zone.
	For FY2016, the Directors have assumed no growth in tandem jump numbers due to the yet to be assessed potential impact of the new Newcastle drop zone, which is expected to be fully operational during FY2016.
	Accordingly, tandem jump numbers are forecast to be 1,200 (YOY growth 6.6%) in FY2015 and 1,200 (YOY growth 0.0%) in FY2016.

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Hunter Valley	The Hunter Valley drop zone has been operating for three full financial years. Over the period from FY2012 to FY2014, the Hunter Valley drop zone averaged 17.4% growth per annum (FY2012 - 1,140 tandem skydives, FY2014 - 1,573 tandem skydives) In FY2015, the Directors have assumed a growth rate of 14.4%. During FY2014 the number of bookings continued to grow, however customers were not able to be processed (to complete the tandem skydive) due to capacity constraints of aircraft being used at the drop zone. The Directors have made operational changes which have resulted in a larger capacity aircraft being moved to the Hunter Valley drop zone for operation on weekends. The Directors consider these operational changes will increase processing rates and have adopted the forecast of 1,800 tandem skydives for FY2015. For FY2016, the Directors have assumed no growth due to the yet to be assessed potential impact of the new Newcastle drop zone which is expected to be fully operational during FY2016. Accordingly, tandem jumps are forecast to be 1,800 (YOY growth 14.4%) in FY2015 and 1,800 (YOY growth 0.0%) in FY2016.
Newcastle	The Newcastle drop zone was established in November 2014 after taking a number of years to establish (acquiring access to the airfield, council permits, etc). Newcastle has been targeted as a drop zone site due to its similarity to the Wollongong drop zone, being proximate to a major city (Sydney), a major regional city (Newcastle) and with a beach landing zone (Belmont). The Directors believe that, over the longer term, this drop zone has the potential to achieve similar tandem skydive numbers as those achieved at the Wollongong drop zone. The target of 1,200 tandem skydives for the eight months of FY2015 since the drop zone was established is lower than that achieved in Wollongong in its first full year of operation (1,478 in 1999). FY2016 will be the first full financial year of operation and no growth has been forecast. Targeted tandem skydives for FY2015 are 1,200 for the 8 months and FY2016 is forecast at annualised 1,800.
St Kilda	The St Kilda drop zone was established in FY2011. Over the period from FY2012 to FY2014, the St Kilda drop zone has averaged 49.5% growth per annum (FY2012 - 2,221 tandem skydives, 2014 - 4,948 tandem skydives). To address the growth in the drop zone, the Directors have added additional carrying capacity through the acquisition of a Cessna 208 aircraft, a 17 seat aircraft which allows up to eight tandem skydives per flight, which operates 7 days per week. Accordingly, tandem jumps are forecast to be 5,400 (YOY growth 9.1%) in FY2015 and 6,000 (YOY growth 11.1%) in FY2016.
Lilydale	The Lilydale drop zone was acquired in June 2012. Over the two years to FY2014, the Lilydale drop zone averaged in excess of 4,500 tandem skydive bookings, of which 4,053 tandem skydives were processed in FY2013 and 3,450 were processed in FY2014. The Directors note the lower than average conversion rate resulting in the decrease was due, in part, to a combination of poor weather at the drop zone, the limited carrying capacity of the aircraft being used at the drop zone and a reduction in operational days for parts of the year (from 7 days to 5 days over the winter period). The Directors have forecast of 4,000 tandem skydives for FY2015 as bookings remain over 4,500 per annum, drop zone operational days have returned to 7 days a week as additional staff have since been engaged and a larger aircraft has been placed at the drop zone to increase the carrying capacity. Accordingly, tandem jumps are forecast to be 4,000 (YOY growth 15.9%) in FY2015 and 4,400 (YOY growth 10%) in FY2016.
Great Ocean Road	The Great Ocean Road (Barwon Heads) drop zone commenced operation in June 2012. In FY2013, 1,857 tandem skydives were completed and 4,824 were completed in FY2014, an increase of approximately 160%. Tandem jumps are forecast to be 6,000 (growth 24.4%) in FY2015 and 6,600 (growth 10.0%) in FY2016.
York	The York drop zone was acquired by STB in August 2012. The previous owners of the drop zone conducted 1,794 tandem skydives in FY2012. In FY2013, 4,125 tandem skydives were completed and 4,568 were completed in FY2014. The York drop zone now operates 7 days a week and utilises a large turbo prop aircraft (Cessna 208) with capacity of up to eight tandem skydivers in one flight. Accordingly, tandem jumps are forecast to be 5,200 (growth 13.8%) in FY2015 and 5,700 (growth 9.6%) in FY2016.
Perth City	The Perth City drop zone commenced in FY2014 and initially operated on weekends only using a small Cessna 182 aircraft (2 tandem skydivers per flight). In its first (partial) year of operation, 641 tandem jumps were completed. Based on STB's experience in commencing operations in major cities, the Directors have forecast 1,500 tandem skydives in FY2015 and 2,000 in FY2016. As the jump bookings increase to require additional capacity, the Directors will consider a larger aircraft for the drop zone and additional operating days will be added.

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Rockingham	The Rockingham drop zone commenced in FY2014 and initially operated on weekends only using a small Cessna 182 aircraft (2 tandem skydivers per flight). In its first (partial) year of operation, 497 tandem jumps were completed.
	The drop zone is a 40 minute drive from Perth CBD (46km) and caters to customers who prefer a beach landing tandem skydive.
Airlie Beach	Based on STB's experience in commencing operations, the Directors have forecast 1,500 tandem skydives in FY2015 and 2,000 in FY2016. As the jump bookings increase to require additional capacity, the Directors will consider a larger aircraft for the drop zone and additional operating days will be added.
	The Airlie Beach drop zone was acquired in April 2014 and over the two months in the FY2014 year, 833 tandem skydives were completed.
	The Directors are intending to replace the current aircraft at the drop zone (3 tandem skydivers per flight) with a larger aircraft (up to 8 tandem skydivers per flight) and, to increase the visibility of the business amongst tourists, utilise one of the approved landing areas near the centre of town.
	Targeted tandem skydives for FY2015 are 5,000 and FY2016 are 6,000.

Commentary on Each Drop Zone Forecast – Australia Skydive

The Directors have reviewed and adopted the forecasts for the tandem skydive numbers and DVD sales as set out in the FY2015 budget of Australia Skydive for the purposes of preparing the FY2015 forecasts. As the Company has not yet taken control of the Australia Skydive business and has not identified all the potential synergy or other benefits from the acquisition, the Directors have assumed no growth in these metrics for FY2016 from any of the acquired drop zones.

Cairns	In FY2013, Australia Skydive's Cairns drop zone completed 9,053 tandem skydives with 10,407 completed in FY2014 (up 15.0%).
	The Australia Skydive FY2015 forecast of 10,595 represents forecast YOY growth of 1.8%, of which around 2,511 are forecast to occur in FY2015 for the 3 months post acquisition.
Mission Beach	In FY2013, Australia Skydive's Mission Beach drop zone completed 10,936 tandem skydives with 12,547 completed in FY2014 (up 14.7%).
	The Australia Skydive FY2015 forecast of 12,912 represents forecast growth of 2.9%, of which around 2,731 are forecast to occur in FY2015 for the 3 months post acquisition.
Redcliffe, Brisbane	In FY2013, Australia Skydive's Redcliffe drop zone completed 4,702 tandem skydives with 3,815 completed in FY2014 (down 19.9%). The reduction in tandem skydives in FY2014 was, in part due to reduced operating days at the drop zone.
	In FY2015, Australia Skydive has increased the operating days to the level of FY2013.
Byron Bay	The Australia Skydive FY2015 forecast of 4,045 represents forecast growth of 6.2%, of which around 827 are forecast to occur in FY2015 for the 3 months post acquisition.
	In FY2013, Australia Skydive's Byron Bay drop zone completed 11,096 tandem skydives with 15,395 completed in FY2014 (up 38.7%).
Central Coast	The Australia Skydive FY2015 forecast of 15,631, represents forecast growth of 1.5%, of which around 4,465 are forecast to occur in FY2015 for the 3 months post acquisition.
	Australia Skydive ran a drop zone at Penrith during FY2013 which did 3144 jumps, which was closed in favour of the Central Coast. The Central Coast drop zone commenced operations in late November 2013 and in FY2014 completed 5,328 tandem skydives (annualised approximately 7,932 per annum).
	The Australia Skydive FY2015 forecast of 8,644 represents forecast growth of 8.9% on the annualised number, of which around 1,877 are forecast to occur in FY2015 for the 3 months post acquisition.

Commentary on Balina Forecast

*Ballina includes a forecast of an additional 4,000 tandems from a proposed, but not yet undertaken, purchase of an existing drop zone operated by Skydive the Beach Byron Bay Unit Trust. Interests associated with Anthony Boucaut currently own 1/3rd of that business and it was accounted for as "an equity accounted investment in an associated entity" in the 2014 Aggregated Historical Financial Report. An in-principle arrangement exists where, subject to formal agreement with the 2/3 owners, an acquisition of 100% of the business is likely to take place no later than 1 July 2015. In FY2014 the drop zone completed 4,124 tandems and a 1/3 share of associated entity's results after income tax was included in the 2014 Aggregated Historical Financial Report.

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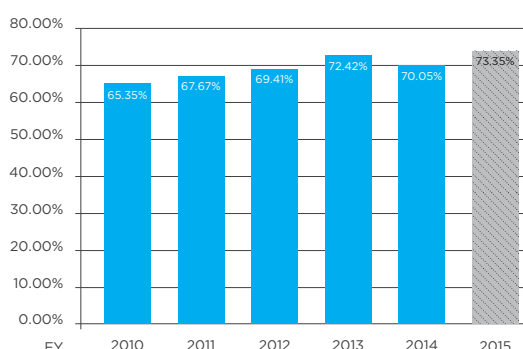
Average Jump prices

The average price paid by customers for a tandem jump varies by state and location but averages circa \$416 per jump, including the sale of DVD and merchandise. The average price in each location has been used in FY2015 with a 4% increase in price assumed in FY2016.

DVD Sales Conversions

The average price paid by customers for the jumps includes the sale of DVDs of the customer's experience. Since 2010, the business conducted by STB Group has averaged conversions of DVD sales to the number of tandem skydives performed of 70.11%.

DVD SALES CONVERSIONS



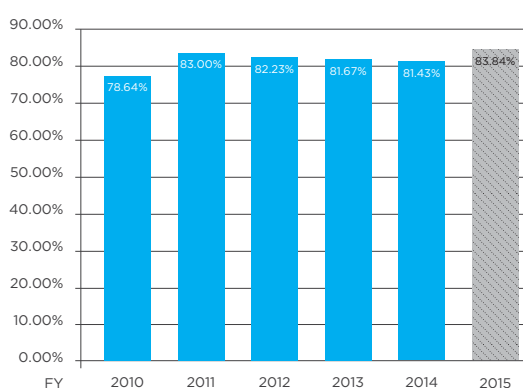
For the purposes of preparing the pro forma forecasts, STB Group uses a conversion rate of 70% in relation to its 11 drop zones.

"DVD Sales", for the purposes of this forecast and graph, include the sale of both photo and DVD packages, and typically these range from \$109 to \$199 per package. A 4% increase in price has been assumed in FY2016.

Booking Conversion Rate

Jump revenue is also dependent on the number of bookings made for each particular day at each drop zone. Typically the numbers of bookings are larger than the number of actual tandem jumps ultimately performed, and this rate/conversion is otherwise known as the "processing rate". Since 2010 STB Group has averaged a processing rate of 82.10%, meaning that during this period there were of bookings that were not jumped due to inter alia weather constraints or aircraft availability.

PROCESSING RATES

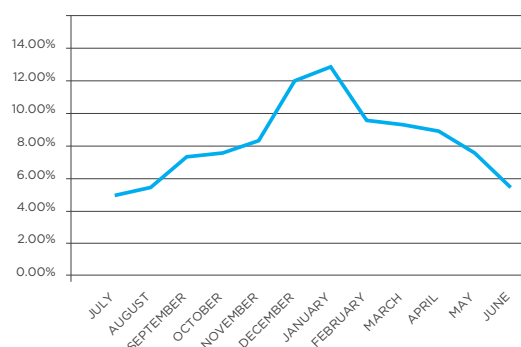


For the purposes of preparing the pro forma forecast, STB Group has used a processing rate of 80%.

Seasonality

Assumptions have been made around the seasonality of the business based on historical revenue patterns.

SEASONAL ANALYSIS OF SALES AS A % OF TOTAL TURNOVER



Cost of goods sold

Key cost of goods sold items include:

Tandem instructor costs

Tandem Instructors are typically subcontractors and are paid on a per tandem basis. On average they receive \$76 per tandem including commission on DVD sales.

Aircraft costs

Aircraft costs are determined by the type of aircraft that is being used at the particular location.

AIRCRAFT TYPE	FUEL PER TANDEM	MAINTENANCE	AIRCRAFT OPERATING COSTS PER TANDEM
Twin Piston	31.25 litres	7.5 minutes flight time	\$110.00
Smaller Cessna	28 litres	15 minutes flight time	\$75.00
Large Cessna (Turbo Prop)	8.12 litres	2.5 minutes flight time	\$29.17
Large Cessna (Modified Turbo Prop)	5.63 litres	1.87 minutes flight time	\$20.42

*All figures assume full passenger load

Parachute Packers

Parachute Packers are typically subcontractors and are paid on a per pack basis. On average they receive \$11 per pack.

Overall cost of goods sold is forecast to increase in FY2016 by 3%.

Operating expense

Key expenses include:

Administration expense

Administration expenses are expected to equate to \$2.9 million for FY2016. Administration expenses include, but are not limited to, insurances, technology, vehicles and adviser fees.

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Occupancy expense

Occupancy expenses are expected to equate to \$1.0 million for FY2016. Occupancy expenses relate to leases and licences the STB Group has with respect to airfields, drop zones and offices.

Depreciation expense

Depreciation is expected to equate to \$1.7 million for FY2016.

Marketing, advertising and agent commission expenses

Marketing expenses, including print and on-line promotion, other advertising such as brand recognition expenditure, and commissions paid to booking agents are expected to be \$4.3 million for FY2016, which equates to a 9% of revenue budget.

7.7.2 Sensitivity Analysis

The STB Group Pro Forma Forecasts presented above are based on a number of estimates and assumptions described in this section. These estimates and assumptions are subject to business, economic and competitive uncertainties, many of which are beyond the control of the STB Group, its Directors and management. These estimates are also based on assumptions in relation to future business developments which may be subject to change and should be read in association with the Investment Risks set out at Section 10.

The changes to key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations which may be experienced. Variations in actual performance could exceed the ranges shown.

For the purposes of this analysis, each sensitivity is presented in terms of the impact on FY2015 EBITDA and FY 2016 EBITDA, and is set out below.

ASSUMPTION	SENSITIVITY	2015	2016
Base EBITDA	-	6,209	10,942
Number of tandem jumps completed	+5% -5%	6,542 5,875	11,774 10,109
Total revenue per jump	+5% -5%	7,806 5,332	13,318 8,565
Cost of goods sold	+5% -5%	5,744 6,674	9,611 12,272
Administration, occupancy, marketing & advertising, repairs & maintenance and other overhead costs	+5% -5%	5,954 6,463	10,316 11,567

Care should be taken in interpreting these sensitivities. The estimated impact in changes in each of the variables has been calculated in isolation from changes in other variables in order to illustrate the likely impact on the pro forma forecast FY 2015 and FY 2016 EBITDA. In practice, changes in variables may offset each other or be additive, and it is likely that STB Group management would respond to any adverse change in one item to seek to minimise the net effect on the STB Group's EBITDA and cash flow.

7.7.3 Dividends

The directors of the Company propose to declare a dividend with respect to the Financial Year ended 30 June 2015 of \$0.01 per share, expected to be payable to shareholders in October 2015, provided the maximum subscription is raised and pro forma forecast results are achieved.

7.7.4 Financial Ratios

Based on the historical financial information and the pro forma forecast financial information provided above, the key financial ratios for Aggregated Historical Group and the STB Group, assuming receipt of proceeds of the Offer under the maximum scenario and the ASG acquisition is completed on 1 April 2015 are:

	Historical		Pro forma forecast	
JUNE YEAR END	FY 2013	FY 2014	FY2015	FY2016
Gross profit margin	37.3%	48.4%	47.8%	44.0%
Marketing expense/revenue	11.0%	10.0%	9.6%	9.0%
EBITDA margin	20.8%	24.7%	22.5%	23.0%
EBITDA/interest cover	8.5x	10.5x	9.6x	14.1x

7.8 SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The Aggregated Historical Group aggregated, and the STB Group, financial statements have been prepared on the basis of historical cost. Historical cost is based on the fair values of the consideration given in exchange for assets.

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

The Aggregated Historical Group comprised the following entities:

- Skydive the Beach Group Limited
- Skydive the Beach Hybrid Trust
- Bill & Ben Investments Pty Limited
- Aircraft Maintenance Centre Pty Limited
- Skydive Holdings Pty Limited
- Skydive the Beach Melbourne Discretionary Trust
- Skydive the Beach Central Coast Discretionary Trust
- Skydive the Hunter Valley Pty Limited
- Skydive Perth Discretionary Trust
- Melbourne Skydive Centre Discretionary Trust
- B & B No. 2 Pty Limited
- Skydive the Beach Great Ocean Road Discretionary Trust
- Skydive the Beach Arlie Beach Pty Limited

The Aggregated Special Purpose financial statements were prepared to reflect the position

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that would have been in place had all of the entities forming part of the newly established Skydive the Beach Group Limited been subsidiaries for the year ended 30 June 2014.

All inter-company balances and transactions between entities in the Aggregated Historical Group, including any unrealised profits or losses, have been eliminated on aggregation.

The Aggregated Historical Group was reorganised as at 1 July 2014 which resulted in a single parent entity being the Company.

After the STB Reorganisation was completed, a single parent entity, being the Company, owned 100% of the following new Subsidiary companies either directly or indirectly (the STB Group):

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

All inter-company balances and transactions between entities in the STB Group, including any unrealised profits or losses, have been eliminated on consolidation.

Consistent accounting policies are employed by each entity in the Aggregated Historical Group and in the STB Group in the presentation and preparation of their consolidated financial information.

(a) Group reorganisations of entities under common control

Where the combining entities are ultimately controlled by the same part 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 whereby:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- No “new” goodwill is 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.

Financial 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.

(b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred to the former owners of the acquiree and the equity instruments issued in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the fair value of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where the consideration transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Where a business combination is achieved in stages, previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date control was obtained) and the resulting gain or loss, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such

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treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting year in which the combination occurs, provisional amounts are reported for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement year, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement year is the year from the date of acquisition to the date complete information is obtained about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

(c) **Goodwill**

Goodwill arising in a business combination is recognised as an asset and carried at cost as established at the date that control is acquired (the acquisition date) less accumulated impairment losses, if any. Goodwill is not amortised but is reviewed for impairment at least annually.

(d) **Income tax**

Income tax expense or benefit represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year for each stand alone entity. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be

available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the expected manner, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Tax consolidated group

Skydive the Beach Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'group allocation' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(e) **Fair value of assets and liabilities**

Some of its assets and liabilities are recorded 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 an third party 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.

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Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

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

(f) **Inventories**

Inventories are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling prices of inventories less all estimated costs to make the sale.

(g) **Property, plant and equipment (PP&E)**

PP&E is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to i.) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including building and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

CLASS OF FIXED ASSET	DEPRECIATION RATE
Plant and equipment	25%
Aircraft and engines	6.7%
Parachute rigs	10%
Office equipment	25%
Motor vehicles	10%
Leasehold improvements	2.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(h) **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 the 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 their estimated useful lives where it is likely that the Group will obtain ownership of the asset, or over the term of the lease.

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.

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

(i) **Impairment of assets**

At the end of each reporting period, an assessment is made as to whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. 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 to sell 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 (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued

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asset is treated as a revaluation decrease in accordance with that other dard. Where it is not possible to estimate the recoverable amount of an individual asset, an estimate of the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(j) **Intangibles other than goodwill**

Trademarks and licences are capitalised only when it is clear that they will deliver future economic benefits and these benefits can be measured reliably. Capitalised trademarks and licences are amortised on a systematic basis matched to the future economic benefits over their useful life.

(k) **Employee benefits**

Short-term employee benefits

Provision is made for the STB 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 STB Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables 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. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The STB Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the STB 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.

(l) **Provisions**

Provisions are recognised when the company 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 at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(m) **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(n) **Revenue and other income**

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of a service is recognised once the service has been provided.

Interest revenue is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the instrument.

(o) **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(h) for further discussion on the determination of impairment losses."

(p) **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.

(q) **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."

(r) **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 Australian Taxation Office (ATO).

FINANCIAL INFORMATION

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 ATO 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(s) **Critical accounting estimates and judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates and Judgements

Inventories

Inventory comprises mainly aircraft spare parts, workshop accessories, loose tools and other general equipment. The STB Group did not previously have perpetual inventory records, and consequently a full inventory count was conducted during the year ended 30 June 2014. The Group employed the services of an industry expert to assist with the identification of the inventory and the estimated cost of such inventory. Management used their judgement to estimate the years in which the inventory was acquired, and the inventory was accounted for on this basis.

The Group's directors has assessed that the value of inventories are not depreciable assets and instead form part of the entities inventories.

Property, Plant and Equipment Subsequent Costs

The Group has historically expensed its scheduled maintenance costs for the airplanes it operates, as opposed to recognising the cost of the scheduled maintenance as an asset, and depreciating that cost over the service period. The directors have considered the potential impact of this practice on the financial statements and determined that the effect of such historical practice is not material.

7.9 SOURCES AND USE OF PROCEEDS

In conjunction with the Offer, the Company will issue new equity of \$10 million under the minimum subscription scenario, \$20 million under the maximum subscription scenario, and \$25 million in the event that oversubscriptions to the full amount of \$5 million are received and accepted.

Proceeds from the Offer will be used to pay:

- the initial consideration for the Australia Skydive acquisition;
- other transaction advisory fees, costs and expenses arising in connection with the Offer and the acquisition of Australia Skydive;
- the balance will be available for working capital; and
- amounts raised from oversubscriptions if any will be applied to reduce debt and or to acquire additional revenue producing assets.

SOURCES AND USES OF FUNDS	MINIMUM SUBSCRIPTION \$ '000	MAXIMUM SUBSCRIPTION \$ '000	MAXIMUM OVERSUBSCRIPTIONS \$'000
Cash proceeds received for New Shares issued under the Offer	10,000	20,000	25,000
Total sources	10,000	20,000	25,000
USES OF FUNDS	MINIMUM SUBSCRIPTION \$ '000	MAXIMUM SUBSCRIPTION \$ '000	MAXIMUM OVERSUBSCRIPTIONS \$'000
Payment of Australia Skydive acquisition expenses outstanding	165	165	165
Remaining cash consideration for Australia Skydive acquisition	7,800	7,800	7,800
Payment of costs of the offer outstanding	965	1,475	1,725
Working capital	1,070	10,560	15,310
Total uses	10,000	20,000	25,000

FINANCIAL INFORMATION

7.10 CAPITAL EXPENDITURE

The Company expects to require capital expenditure over the next 12 months in operating the business and acquiring other operating assets as the directors consider appropriate. Such assets may include, inter alia, aircraft, parachutes and skydiving related equipment, operating technology, buses and other vehicles.

7.11 ACQUISITIONS

The company intends to investigate a range of strategic acquisition opportunities from time to time. The directors will consider each opportunity on a case by case basis to evaluate the ability of the opportunity to enhance the business prospects of the STB Group.

7.12 DEBT

The Company has pro forma \$14.3 million of debt at 31 December 2014, including the \$3.0 million assumed as a result of the Australia Skydive acquisition, the \$3.3 million vendor finance and assuming the maximum subscription under the Offer. The pro forma balance sheet at 31 December 2014 also indicates pro forma cash of \$11.8 million at that date, resulting in proforma net debt of \$2.5 million. The directors will consider the retirement of debt, as appropriate.

INVESTIGATING
ACCOUNTANT'S REPORT



INVESTIGATING ACCOUNTANT'S REPORT



RSM Bird Cameron Corporate Pty Ltd
Level 12, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001
T +61 2 9233 8933 F +61 2 9233 8521
www.rsmi.com.au

4 March 2015

The Directors
Skydive the Beach Group Limited
51 Montague Street
WOLLONGONG NSW 2500

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on Skydive the Beach Group Limited's (or its predecessors) historical, pro forma historical and pro forma forecast financial information

We have been engaged by Skydive the Beach Group Limited (STB Group or the Company) to report on certain historical, pro forma historical and pro forma forecast financial information of the STB Group for inclusion in a public document dated on or about 5 March 2015 (the Replacement Prospectus).

The Replacement Prospectus is being issued by STB Group in relation to the proposed initial public offer of up to 80 million new shares in STB Group at \$0.25 to raise up to \$20 million with an ability to raise a further \$5,000,000 in oversubscriptions (the IPO).

The Company was incorporated on 19 December 2013 and the STB Group was created on 1 July 2014 to acquire the assets and businesses of the group of companies and related entities which had historically operated a tandem skydive business under the 'Skydive the Beach' and associated brands (the Aggregated Historical Group).

We understand the purpose of the IPO is, inter alia, to raise funds for the acquisition of Australia Skydive Pty Limited (Australia Skydive) on the terms described in the Replacement Prospectus.

Expressions and terms defined in the Replacement Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence (AFSL) under the *Corporations Act 2001*. RSM Bird Cameron Corporate Pty Ltd holds the appropriate AFSL under the *Corporations Act 2001*.

Scope

Historical financial information

You have requested RSM Bird Cameron Corporate Pty Ltd to review the following historical financial information of the STB Group (or its predecessors) included in the Replacement Prospectus (the Historical Financial Information):

- the Statement of Financial Performance of the Aggregated Historical Group for the year ended 30 June 2014; and
- the Statement of Financial Performance of the STB Group for the six months ended 31 December 2014.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

RSM Bird Cameron
Corporate Pty Ltd
ABN 82 050 508 024
AFS Licence No 255847

Major Offices in:
Perth, Sydney,
Melbourne, Adelaide
and Canberra

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the Directors of RSM Bird Cameron. RSM Bird Cameron is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

INVESTIGATING ACCOUNTANT'S REPORT



RSM Bird Cameron Corporate Pty Ltd

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Aggregated Historical Group financial information

The historical financial information for the Aggregated Historical Group has been extracted from the financial report of the Aggregated Historical Group for the year ended 30 June 2014, which was audited by RSM Bird Cameron Partners.

RSM Bird Cameron Partners issued a qualified audit opinion on the Aggregated Historical Group's financial report for the year ended 30 June 2014 noting to they did not audit the comparative financial information for the year ended 30 June 2013, as follows:

"Basis for Qualified Opinion

"We were appointed auditors of the aggregated group on 4 July 2014. We were unable to satisfy ourselves by alternative means concerning the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2013, disclosed in the corresponding figures. As a result, we have been unable to determine whether adjustments to these amounts might have been necessary."

Qualified Opinion

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified opinion paragraph (above), the financial report presents fairly, in all material respects, the financial position of the Skydive the Beach Group as of 30 June 2014 and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial accounts"

The Aggregated Historical Group's Historical Financial Information is presented in the Replacement Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Auditing Standards applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

STB Group historical financial information

The historical financial information for the STB Group has been extracted from the financial report of the STB Group for the six months ended 31 December 2014, which was reviewed by RSM Bird Cameron Partners in accordance with the Auditing Standard on Review Engagements, ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*.

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

RSM Bird Cameron Partners issued an unqualified review opinion on the financial statements of the STB Group for the six months ended 31 December 2014.

The STB Group's Historical Financial Information is presented in the Replacement Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Auditing Standards applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.



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Pro forma historical financial information

You have requested RSM Bird Cameron Corporate Pty Ltd to review the STB Group's pro forma historical Statement of Financial Position as at 31 December 2014 (the STB Group Pro Forma Historical Financial Information).

The STB Group Pro Forma Historical Financial Information has been derived from:

- the STB Group Statement of Financial Position as at 31 December 2014, extracted from the reviewed financial statements of the STB Group for the six months ended 31 December 2014 (the Historical Statement of Financial Position); and
- the directors pro forma adjustments applied to the Historical Statement of Financial Position to illustrate the effect of events and transactions related to the IPO and the Australia Skydive acquisition as described in section 7 of the Replacement Prospectus.

The stated basis of preparation of the STB Group Pro Forma Historical Financial Information is the recognition and measurement principles contained in Australian Auditing Standards applied to the historical Statement of Financial Position as at 31 December 2014 and, to the extent stated in section 7 of the Replacement Prospectus, the events or transactions to which the pro forma adjustments as described in section 7 of the Replacement Prospectus, as if those events or transactions had occurred as at 31 December 2014.

Due to its nature, the STB Group Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position.

The STB Group Pro Forma Historical Financial Information is presented in the Replacement Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Auditing Standards applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro forma forecast financial information

You have asked us to review the pro forma forecast Statements of Financial Performance of the STB Group for the years ending 30 June 2015 and 30 June 2016 as set out in section 7 of the Replacement Prospectus (the STB Group Pro Forma Forecasts).

The STB Group Pro Forma Forecasts have been derived from:

- the STB Group's Statement of Financial Performance for the six months ended 31 December 2014, extracted from the reviewed financial statements of the STB Group for the six months ended 31 December 2014;
- the directors' best estimate forecasts for the financial performance of the STB Group for the six months ending 30 June 2015;
- the pro forma adjustments, in particular, the IPO and the acquisition of Australia Skydive which is assumed to occur on 1 April 2015, as described in section 7 of the Replacement Prospectus (the pro forma adjustments); and
- The directors' best estimate forecasts for financial performance for the year ending 30 June 2016 assuming the acquisition of Australia Skydive occurs as at 1 April 2015.

The directors' best-estimate assumptions underlying the STB Group Pro Forma Forecasts are described in section 7 of the Replacement Prospectus

The stated basis of preparation used in the preparation of the STB Group Pro Forma Forecasts is the recognition and measurement principles contained in Australian Auditing Standards applied to the forecast and, to the extent described in Section 7, the events and transactions to which the pro forma adjustments relate as if those events and transactions had occurred on the stated dates. Accordingly, and due to its nature and basis of preparation, the STB Group Pro Forma Forecasts do not represent the Company's actual prospective financial performance for the years ending 30 June 2015 and 30 June 2016.



RSM Bird Cameron Corporate Pty Ltd

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The STB Group Pro Forma Forecasts are presented in the Replacement Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Auditing Standards applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Directors' responsibility

The directors of the STB Group are responsible for:

- the preparation and presentation of the Historical Financial Information;
- the preparation and presentation of the STB Group Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information; and
- the preparation of the STB Group Pro Forma Forecasts, including the best estimate assumptions underlying the forecast and the selection and determination of pro forma adjustments made to the forecast and included in the STB Group Pro Forma Forecasts.

This directors are responsible for such internal controls as the directors determine are necessary to enable the preparation of the Historical Financial Information, the Pro Forma Historical Financial Information and the STB Group Pro Forma Forecasts that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information, the STB Group Pro Forma Historical Financial Information and the STB Group Pro Forma Forecasts (together, the STB Group financial information) based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in section 7 of the Replacement Prospectus, and comprising:

- the Statement of Financial Performance of the Aggregated Historical Group for the year ended 30 June 2014; and
- the Statement of Financial Performance of the STB Group for the six months ended 31 December 2014.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 7 of the Replacement Prospectus.



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STB Group Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the STB Group Pro Forma Historical Financial Information, being the pro forma statement of financial position as at 31 December 2014 is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 7 of the Replacement Prospectus.

STB Group Pro Forma Forecasts

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the STB Group's Pro Forma Forecasts for the years ending 30 June 2015 and 30 June 2016 do not provide reasonable grounds for the STB Group Pro Forma Forecasts; and
- in all material respects, the STB Group Pro Forma Forecasts:
 - are not prepared on the basis of the directors' best-estimate assumptions, as described in section 7 of the Replacement Prospectus; and
 - are not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Auditing Standards and the company's adopted accounting policies, applied to the forecast and the pro forma adjustments as if those adjustments had occurred as at the date of the forecast; and
- the STB Group Pro Forma Forecasts are unreasonable.

Important information in relation to the STB Group Pro Forma Forecasts

The STB Group Pro Forma Forecasts have been prepared by management and adopted by the directors of the STB Group in order to provide prospective investors with a guide to the potential financial performance of the STB Group for the periods ending 30 June 2015 and 30 June 2016.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the STB Pro Forma Forecasts since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the STB Group Pro Forma Forecasts are based relate to future events and/or transactions which management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the STB Group.

Evidence may be available to support the directors' best-estimate assumptions on which the STB Group Pro Forma Forecasts are based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the STB Group, which are detailed at section 10 of the Replacement Prospectus, and the inherent uncertainty relating to the STB Group Pro Forma Forecasts. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in the Replacement Prospectus. The sensitivity analysis described in section 7 of the Replacement Prospectus demonstrates the impact on the STB Group Pro Forma Forecasts of changes in certain best-estimate assumptions.

We express no opinion as to whether the STB Group Pro Forma Forecasts will be achieved.



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The STB Group Pro Forma Forecasts have been prepared by the directors for the purpose of providing prospective investors with a guide to the potential financial performance of the STB Group for the years ending 30 June 2015 and 30 June 2016. We disclaim any assumption of responsibility for any reliance on this report, or on the STB Group Pro Forma Forecasts to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from the directors and certain members of management of the STB Group, that all material information concerning the prospects and proposed operations of the STB Group has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Restriction on use

Without modifying our conclusions, we draw attention to section 7 of the Replacement Prospectus, which describes the purpose of the financial information, being for inclusion in the Replacement Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Responsibility

RSM Bird Cameron Corporate Pty Ltd has consented to the inclusion of this limited assurance report in the Replacement Prospectus in the form and context in which it is included. RSM Bird Cameron Corporate Pty Ltd has not authorised the issue of the Replacement Prospectus. Accordingly, RSM Bird Cameron Corporate Pty Ltd makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Replacement Prospectus.

Declaration of Interest

RSM Bird Cameron Corporate Pty Ltd does not have any interest in the outcome of this IPO other than the preparation of this assurance report for which normal professional fees will be received.

RSM Bird Cameron Partners is the independent auditor of the Company and entities related to RSM Bird Cameron Corporate Pty Limited have provided a range of accounting and related services to the STB Group (and its predecessors) on normal commercial terms.

Financial Services Guide (FSG)

We have included our FSG as Appendix A to this report. The FSG is designed to assist retail users of our report in the use of any financial product advice contained therein.

Yours faithfully

Ian Douglas
Director
RSM Bird Cameron Corporate Pty Ltd



RSM Bird Cameron Corporate Pty Ltd

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Appendix A - Financial Services Guide

RSM Bird Cameron Corporate Pty Ltd ABN 82 050 508 024 (RSM Bird Cameron Corporate Pty Ltd or "we" or "us" or "ours" as appropriate) has been engaged by Skydive the Beach Group Limited to issue general financial product advice in the form of an Independent Assurance Report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (FSG). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence No. 255847;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- deposit and payment products limited to:
 - (a) basic deposit products;
 - (b) deposit products other than basic deposit products.
- interests in managed investments schemes (excluding investor directed portfolio services); and
- securities (such as shares and debentures).

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engaged us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither RSM Bird Cameron Corporate Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.


RSM Bird Cameron Corporate Pty Ltd

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Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Bird Cameron Partners.

From time to time, RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners, RSM Bird Cameron and / or RSM Bird Cameron related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution
Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, RSM Bird Cameron Corporate Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to external dispute resolution scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website - www.fos.org.au - or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out in the letterhead on the first page of this report.

BOARD AND GOVERNANCE



BOARD AND GOVERNANCE

9.1 BOARD OF DIRECTORS

The Board of Directors has been selected for its extensive relevant experience and expertise. The Directors bring to the Board a variety of skills and experience, including operational and industry knowledge, law, financial management, accounting, business knowledge, and corporate governance experience.



WILLIAM (BILL) BEERWORTH

Independent, Non-executive Chairman

Bill Beerworth is an Investment Banker and Corporate Solicitor. He was educated in Australia and the United States, was an Associate with a major Wall Street Law Firm, and held a number of senior positions before establishing Beerworth + Partners Limited. It specialises 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. Before founding Beerworth + Partners, Bill held a number of senior positions in investment banking and law, including:

- Executive Director of HSBC Bank Australia and Managing Director of its corporate finance subsidiary
- A Senior Partner of King & Woods Mallesons specialising in Corporate Law and Mergers & Acquisitions
- Senior Assistant Secretary of the Australian Attorney-General's Department responsible for corporate and securities policy

Bill was a member of the Inquiry into the Australian Financial System (the Wallis Inquiry) that reconfigured and streamlined the Australian financial regulatory system, and of the Australian Competition Tribunal. He has been Chair of the Australian Commission on Safety and Quality in Healthcare and of Macquarie Graduate School of Management.

Bill has been Chairman or a Director of a number of substantial listed companies and Advisory Boards, and is presently Chairman of RedHill Education Limited.

Bill's degrees are BA LLB (Sydney), LLM SJD (Virginia), MCOM (NSW), MBA (Macquarie). He is a member of the NSW Law Society and is FAICD, FCPA and CTA.

BOARD AND GOVERNANCE



ANTHONY BOUCAUT

Executive Director and Chief Executive Officer

Anthony has over 20 years' experience in the skydiving industry and over 25 years' experience in the aviation industry. The "Skydive the Beach" concept and vision was the result of Anthony's passion for skydiving and love of sharing extreme adventures with others. During his final year of university, Anthony formed a business known as "Adrenalin Sports Skydiving", which became "Skydive the Beach". The first tandem skydives over North Wollongong beach were conducted in July 1999.

During Anthony's six years in the military, he completed an aviation trade and went on to perform aviation electronic engineering duties. This aviation experience played a critical part in the establishment of the "Skydive the Beach" business. A qualified pilot, Anthony not only oversees and guides the business generally, but also oversees the aircraft and aircraft maintenance departments of the business.

Since Anthony started the "Skydive the Beach" business in 1999, jump numbers, income and profit have shown strong growth every year. Anthony has a proven track record in the delivery of targets and cost efficiencies, and has now built a key team around him, which allows him to drive the vision of the business on a broader scale. Anthony has experience in acquisitions and has been the driver of the business in making its key acquisitions. Anthony has been actively involved in purchasing a number of airfields through his controlled entities, which he supplies under contract to STB Group for its operations (refer to Section 13).

Throughout the years Anthony has gained extensive experience in working with, and negotiating with, numerous government departments, from a local to a national level. Anthony has delivered successful outcomes to challenging development applications and land and environment matters. He focuses on strategy, leadership, evolution, innovation, and customer satisfaction. Anthony considers it a part of his role to ensure every customer leaves having had the experience of a lifetime.

Anthony previously held the role of Director of Tourism Wollongong. Anthony holds or controls the largest shareholding of the existing Shareholders of the Company (refer to Section 11).

Anthony has a Bachelor of Science from University of Wollongong, is a member of the Australian Institute of Company Directors, and the Australian Parachute Federation.



TIMOTHY RADFORD

Executive Director and Chief Operating Officer

Timothy (Tim) has 22 years of skydiving experience. His passion for parachuting and aviation began after completing his first parachute descent at the age of 19 in the Australian Regular Army. Eight years' service in the infantry corps saw Tim exposed to all facets of military parachuting and a love for civilian skydiving developed. Tim obtained his instructor and tandem skydiving licenses early in his career, which allowed him to transition into the commercial skydiving industry. He has worked as a skydiving instructor, both in Australia and overseas.

Tim has been involved with the Skydive the Beach business for over 10 years. He was initially engaged as a tandem instructor, and rapidly moved up the management chain, drawing on his previous small business, military and industry experience, to become Operations Manager and then General Manager, a title he has held for the past six years. He is now the Company's Chief Operating Officer.

During his tenure as General Manager, the business grew from one to 11 skydiving locations in four Australian States. Tim has exceptional relationship building skills and a customer focus, and is a key element in meeting the needs of the business' stakeholders.

Tim's leadership and teamwork skills, as well as his expertise in the operational areas of a commercial skydiving business, have enabled him to become an integral member of the senior executive team for acquisition and expansion plans, past and future. Tim is a shareholder in the Company through his associated entities, a member of the Australian Institute of Company Directors, and the Australian Parachute Federation.

BOARD AND GOVERNANCE



ANTHONY RITTER

Executive Director and Chief Financial Officer

Anthony has over 20 years of financial, management and corporate governance experience in CFO, CEO, GM and director roles at both private and not-for-profit entities.

Anthony spent 14 years in practice as a Chartered Accountant, before moving to two General Manager roles, one in a financial planning advisory firm and one in the allied health industry. Anthony joined the “Skydive the Beach” business in 2011 and has demonstrated strong strategic planning, analytical, leadership and financial management skills.

Since Anthony joined the Skydive the Beach business it has increased revenue by 296 per cent with the number of drop zones increasing from three to 11, and profitability also increasing at a rapid rate. Anthony’s corporate governance knowledge and experience has benefited the business, assisting in rapid expansion without compromising the core values and strengths of the business. Anthony played an integral part in successfully applying for a variety of government funding, with recent examples being the Illawarra Region Innovation and Investment Fund (\$896,500) and Export Market Development Grant (\$90,928).

Anthony is a shareholder of the Company through his associated entities (refer to Section 11), and has held the role of President of Scarborough Wombarra Surf Lifesaving Club Inc from 2004 to 2014.

Anthony has a Bachelor of Commerce from the University of Wollongong, was admitted to membership of the Institute of Chartered Accountants of Australia in 1998, and is a member of the Australian Institute of Company Directors and the Australian Parachute Federation.



JOHN DIDDAMS

Non-executive Director

John has over 30 years of financial and management experience as CFO, CEO and director of both private and public listed companies. John is the principal of a CPA firm that provides corporate advisory services to SME & mid-cap companies, including management of the process to raise equity capital, the due diligence process and listing on the ASX.

Through his CPA firm, John has managed the process to raise capital and seek ASX listing for a number of diverse enterprises over the past 20 years, including managing the IPO for offerings such as oil & gas interests, food & retail, a fine wool processing plant, an innovative telephony product, a biotech company, internet advertising initiative, a dental device for snoring & sleep apnoea and most recently an IPO to establish Australia’s first indoor skydiving wind tunnel.

John was previously a non-executive director of SomnoMed Limited (ASX:SOM) and Indoor Skydive Australia Group Limited (ASX:IDZ) and is currently a non-executive director of Martin Aircraft Company Limited (ASX:MJP) and is Deputy Chair of Not for Profit, House with No Steps.

John is a shareholder (through his controlled entities) in the Company (refer to Section 11).

John has a B.Com from UNSW, is a Fellow of CPA Australia and a Fellow of the Australian Institute of Company Directors.

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DR. NIGEL FINCH

Independent, Non-executive Director

Dr Nigel Finch is a Chartered Accountant with commercial management experience in private, public and not-for-profit settings.

He has held director and senior management roles focused on strategy execution and managing financial performance in both early-stage and mature firms across a range of sectors (including manufacturing, mining, entertainment, financial services, higher education and emerging markets) and has significant experience in economic development and institution building throughout Asian markets.

Previously, he was Associate Dean at the University of Sydney Business School. His successful academic career was preceded by a 20-year career as an accountant, investment manager and company director.

Nigel's degrees are MCOM (UNE), LL.M (TJSL), MBA (Macquarie), PhD (Sydney). He is a member of the Institute of Chartered Accountants Australia and a Fellow of the Financial Services Institute of Australasia, the Taxation Institute of Australia, the Australian Institute of Company Directors and CPA Australia.

9.4 DIRECTOR'S INTERESTS AND REMUNERATION

9.4.1 Director's Remuneration

The Constitution of the Company authorises the total amount to be paid to the Directors (excluding remuneration paid to Executive directors) at \$500,000 per annum. Any change to that aggregate annual amount needs to be approved by Shareholders.

The annual remuneration of the board of Directors to be paid by the Company following admission to the ASX is as follows:

Directors' Remuneration

DIRECTOR	BOARD FEES (\$)	COMMITTEE FEES (\$)
Bill Beerworth, Chair and non-executive director	\$90,000pa	\$15,000 as Chair Remuneration and Nomination Committee \$10,000 as a member of Audit & Risk Committee
Anthony Boucaut, Executive director	Included in Executive Employment Contract (refer to Section 12)	N/A
Anthony Ritter, Executive director	Included in Executive Employment Contract (refer to Section 12)	N/A
Timothy Radford, Executive director	Included in Executive Employment Contract (refer to Section 12)	N/A
John Diddams, Non-executive director	\$60,000pa	\$10,000 as member of Audit & Risk Committee \$10,000 as a member of Remuneration and Nomination Committee
Dr. Nigel Finch, Non-executive director	\$60,000pa	\$15,000 as Chair of Audit & Risk Committee \$10,000 as a member of Remuneration and Nomination Committee

In addition to their annual remuneration, the Directors may also be reimbursed for expenses properly incurred by the Directors in connection with the affairs of the Company including travel and other expenses, and may receive fees from other Board Committees. There are no retirement benefit schemes for non-executive directors.

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9.4.2 Directors' Interests in Shares and Other Securities

As at the date of this Prospectus the interest of the Directors or their associates in the Shares issued by the Company is as per below:

Director Shares and Options

DIRECTOR	SHARES	OPTIONS*
Bill Beerworth	Nil	500,000
Anthony Boucaut	179,817,245	3,000,000
Anthony Ritter	3,383,970	2,500,000
Timothy Radford	7,267,940	2,500,000
John Diddams	2,900,545	1,500,000
Dr. Nigel Finch	Nil	300,000
	193,369,700	10,300,000

Note:

All of the Shares held by each of Anthony Boucaut, Anthony Ritter, Timothy Radford and John Diddams will be subject to a compulsory 24 month escrow period. See Section 11 for further details on the escrow arrangements.

* Options were issued under the STB Share Option Plan, details of which are set out in Sections 12 and 14.

9.5 CORPORATE GOVERNANCE

This Section explains how the Board oversees the management of the Company's business.

The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy including approving the strategic goals of the Company and considering and approving an annual business plan, including a budget. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The Company is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its Corporate Governance Principles and Recommendations (ASX Recommendations) for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report or on its website disclosing the extent to which it

has followed the ASX Recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it. A table setting out any non compliances and associated reasons is contained in section 9.8 below.

Copies of the Company's key policies and practices and the charters for the Board and each of its committees are available at www.skydive.com.au/investors

9.5.1 Board of Directors

The Board of Directors comprises the Non-Executive Chair who is independent, three executive directors, two non-executive directors, one of whom is also an independent director. The Board comprises:

- Bill Beerworth, Independent Non-Executive Director and Chair
- Anthony Boucaut, Executive Director
- Anthony Ritter, Executive Director
- Timothy Radford, Executive Director
- John Diddams, Non-Executive Director
- Dr. Nigel Finch, Independent Non-Executive Director

Each non-executive and independent director has confirmed to the Company that they anticipate being available to perform their duties as a non-executive director without constraint from other commitments.

The Board considers an independent director to be a non-executive director who is not a member of the Company's management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent exercise of their judgement. The Board will consider the materiality of any given relationship on a case by case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each director in light of interests disclosed to the Board from time to time.

The Board Charter has adopted a definition of independence that is based on that set out in the ASX Recommendations. The Board also considers qualitative principles of materiality for the purpose of determining "independence" on a case by case basis. The Board will consider whether there are any factors or considerations which may mean that the director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with, the director's ability to act in the best interests of the Company.

The Board considers that **Bill Beerworth** is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of his judgement and he is able to fulfil the role of independent non-executive director and chairman and non-executive director for the purpose of the ASX Recommendations.

The Board considers that **Dr. Nigel Finch** is free from any business or any other relationship that

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could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of his judgement and he is able to fulfil the role of independent non-executive director for the purpose of the ASX Recommendations.

John Diddams is currently considered by the Board not to be independent as he has a contract with the Company for the provision of certain corporate advisory services to the Company (refer to section 13.2).

Anthony Boucaut is currently considered by the Board not to be independent since he holds or controls a substantial shareholding in the Company. He also has an Executive Employment Contract with the Company (refer to section 13) and is a director and/or shareholder of several entities (refer to section 11 & 13) which also have contracts with the Company or with its Subsidiaries.

Anthony Ritter is currently considered by the Board not to be independent since he has an Executive Employment Contract with the Company (refer to section 13) and is a director of Subsidiaries of the Company.

Timothy Radford is currently considered by the Board not to be independent since he has an Executive Employment Contract with the Company (refer to section 13) and is a director of Subsidiaries of the Company.

Accordingly as at Listing, the Board will consist of 50% non-executive Directors, of which 66% are independent directors for the purposes of the ASX Recommendations.

9.5.2 Board Charter

The Board Charter adopted by the Board sets out the responsibilities of the Board in greater detail. It envisages that the Board should comprise directors with a range of skills, expertise, experience and diversity which are relevant to the Company's business and the Board's responsibilities. The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains ultimate accountability to Shareholders in discharging its duties.

9.5.3 Role of the Board

The Board has reserved the following matters, in addition to those required by law, for its decision:

- composition of the Board itself, including the appointment and retirement of Directors;
- appointment and removal of the Chief Executive Officer, Chief Operations Officer and the Chief Financial Officer and ratifying the appointment or removal of Senior Executives (being those persons who report directly to the Chief Executive Officer, Chief Operations Officer and the Chief Financial Officer) and of the Company Secretary;
- determining the conditions of service of the Chief Executive Officer, Chief Operations Officer, Chief Financial Officer, and senior management and the performance monitoring procedures to apply to them;
- in consultation with management, determining the Company's business strategy and key performance targets and then monitoring

management's implementation of such strategy and achievement of such targets;

- monitoring the Company's compliance with applicable laws, the Board Charter, and generally accepted standards of corporate conduct and governance prevailing from time to time;
- reviewing and overseeing the operation of systems of risk management and internal compliance and control, codes of ethics and conduct;
- adopting the annual budget and monitoring the financial performance of the Company;
- monitoring the conduct of the Company's compliance with applicable laws including environmental laws, occupational health and safety laws and regulations, the Corporations Act and the ASX Listing Rules;
- overseeing of the Board committees;
- ensuring there is timely and effective reporting to shareholders; and
- monitoring industry developments relevant to the Company's business.

These formal responsibilities will be reviewed regularly to determine whether changes are necessary or desirable. The Board reserves the right to expand the scope of its role beyond those matters listed above if the Board considers it necessary in the interests of the Company.

9.5.4 Role of management

Beyond those matters listed above, the Board has delegated responsibility and authority for the management, operation and administration of the Company and for the performance of the strategic plan, to the Chief Executive Officer, Chief Operations Officer and Chief Financial Officer. This includes the power to delegate responsibilities and authority to senior management.

9.6 BOARD COMMITTEES

The Board Committee compositions given below are current at the time of this Prospectus. Membership is reviewed annually by the Board.

9.6.1 Audit and Risk Committee

The role of the Audit and Risk Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting systems, the systems of internal control and risk management and internal and external audit functions. In fulfilling these roles, the Audit and Risk Committee is responsible for maintaining free and open communication between the Board, itself, management and auditors.

The Audit and Risk Committee provides advice to the Board and reports on the status and management of the risks to the Company. The purpose of the committee's risk management process is to assist the Board in relation to risk management policies, procedures and systems and ensure that risks are identified, assessed and appropriately managed.

The Board has adopted a policy regarding the services that the Company may obtain from its auditor; It is the policy of the Company that its external auditor:

BOARD AND GOVERNANCE

1. Must lack any current or past connection or association with the Company or with any member of senior management which could in any way impair, or be seen to carry with it any risk of impairing, the independent external review the external auditor is required to take in relation to the Company;
2. Benefit from a general reputation for independence and probity and profession standing within the business community; and
3. Possess knowledge of the industry within which the Company operates.

The Audit and Risk Committee Charter provides that the committee will comprise at least three members each of whom, if appropriate, are non-executive directors and a majority of whom, if appropriate, are independent. The chair of the committee shall be an independent non-executive director who does not chair the Board.

The Audit and Risk Committee will meet as often as is required by the Audit and Risk Committee Charter or other policy approved by the Board to govern the operations of the Audit and Risk Committee. The Audit and Risk Committee may seek advice from external advisers and invite the external auditor, any internal auditor, any other non-executive director, executive or employee of the Company and any other person to be present at the meetings of the Audit and Risk Committee. The Audit and Risk Committee will regularly report to the Board about committee activities, issues and related recommendations.

The Committee currently comprises Dr. Nigel Finch (Chair), John Diddams and Bill Beerworth. The Board acknowledges ASX Recommendation 4.2 that a majority of the members of an audit committee should be independent directors. Whilst there are three non-executive directors on the Audit and Risk Committee, only two of those directors are classified as “independent” directors. The Board believes that the current members of the committee are the most appropriate to achieve its objectives (having regard to their experience and skills) and that each member will bring independent judgement to the Audit and Risk Committee’s deliberations.

9.6.2 Remuneration and Nomination Committee

The role of the Remuneration and Nomination Committee is to review and make recommendations to the Board on remuneration packages and policies related to the Directors and senior executives and to ensure that the remuneration policies and practices are consistent with the Company’s strategic goals and human resources objectives. The Nomination and Remuneration Committee is also responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management). Independent advice will be sought where appropriate.

The Remuneration and Nomination Committee will meet as often as is required by the Remuneration and Nomination Committee Charter or other policy approved by the Board to govern the operation of the Remuneration and Nomination Committee. At each meeting, the Remuneration and Nomination

Committee will consider whether any significant matters should be brought to the attention of the Board and the Remuneration and Nomination Committee will endeavour to raise these matters

in a form and timeframe that assists the Board to discharge their duties effectively.

The committee currently comprises of Bill Beerworth (Chair), Dr. Nigel Finch and John Diddams. The Board acknowledges ASX Recommendation 2.4 that a majority of the members of Remuneration and Nomination committee should be independent directors.

Whilst there are three non-executive directors on the Remuneration and Nomination Committee, only two of those directors are classified as “independent” directors. The Board believes that the current members of the committee are the most appropriate to achieve its objectives (having regard to their experience and skills) and that each member will bring independent judgement to the Remuneration and Nomination Committee’s deliberations.

9.7 CORPORATE GOVERNANCE POLICIES

9.7.1 Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a Code of Conduct, which sets out the way the Company conducts business. The Company will carry on business honestly and fairly, acting only in ways that reflect well on the Company in strict compliance with all laws and regulations.

The policy document outlines the Company’s employees’ obligations of compliance with the Code of Conduct.

Responsibilities include using the Company’s resources in an appropriate manner, protecting confidential information and avoiding conflicts of interest.

9.7.2 Securities Trading Policy

The Company has adopted a Securities Trading Policy which will apply to Directors, the Chief Executive Officer and other senior executives reporting to the Chief Executive Officer, including the Chief Financial Officer, Chief Operating Officer and other employees nominated by the Chief Financial Officer because their duties are considered to have access to insider information) (**Key Management Personnel**) and all full time, part time and casual employees and contractors (together with the Key Management Personnel, **Company Personnel**).

The Securities Trading Policy is intended to explain the types of conduct in relation to dealings in Shares that are prohibited under the Corporations Act and establish procedures in relation to Company Personnel dealing in the Shares.

Subject to certain exceptions, including severe financial hardship, the Securities Trading Policy defines certain “closed periods” during which trading in Shares by Key Management Personnel is prohibited. Those closed periods are currently defined as any of the following periods:

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- Between 1 January and one business day after the announcement by the Company of its half year results;
- Between 1 July and one business day after the announcement by the Company of its annual results; and
- Such other periods advised by the Board or the Chief Executive Officer (such as prior to the announcement to ASX of a significant matter or event).

In all instances, buying or selling Shares is not permitted at any time by any person who possesses price-sensitive information in a manner contrary to the Corporations Act.

9.7.3 Shareholder Communications Policy

The Shareholder Communications Policy is designed to implement an effective investor relations program to facilitate two-way communication with investors.

The Shareholder Communications Policy also discloses the policy and processes the company has in place to facilitate and encourage participation at meetings of security holders.

It also provides security holders the option to receive communications from, and send communications to, the company and its security registry electronically.

The Board's aim is to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and that they are informed of all major developments affecting the state of affairs of the Company relevant to Shareholders in accordance with all applicable laws. Information will be communicated to Shareholders through the lodgement of all other information with the ASX required by the Company's continuous disclosure obligations and publishing information on the Company's website. In particular, the Company's website will contain information about it, including media releases, key policies and the terms of reference of its Board committees. All announcements made to the market and any other relevant information will be posted on the Company's website at www.skydive.com.au/investors as soon as they have been released to the ASX.

9.7.4 Continuous Disclosure Policy

Once listed, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. The Company will be required to disclose to the ASX any information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company is committed to observing its disclosure obligations under the ASX Listing Rules and Corporations Act. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with the ASX and continuous disclosure announcements will be made available on the Company's website at www.skydive.com.au/investors.

9.7.5 Risk Management Policy

The identification and proper management of the Company's risks are an important priority of the Board. The Company has adopted a risk management policy appropriate for its business (which is reflected in the Audit and Risk Committee's Charter). This policy highlights the risks relevant to the Company's operations and the Company's commitment to designing and implementing systems and methods appropriate to minimise and control its risks. The Company will regularly undertake reviews of its risk management procedures to ensure that it complies with its legal obligations.

9.8 NON-COMPLIANCE WITH ASX RECOMMENDATIONS

The Company complies with all ASX Recommendations except as follows

ASX RECOMMENDATION	COMMENT
1.5 A listed entity should have a Diversity Policy	The Company does not yet comply with the ASX Recommendation to adopt a separate Diversity Policy, but it has a strong commitment to equal opportunity, and it proposes to adopt a Diversity Policy. Section 4 of the Company's Code of Conduct requires all employees and contractors to treat one another with respect and dignity. Equal opportunity and fair treatment extends to all employees. The Code of Conduct prohibits discrimination on the basis of age, colour, disability, ethnicity, marital or family status, national origin, race, religion, sex, sexual orientation, or any other characteristic protected by law. These principles extend to all employment decisions, including: • recruiting, hiring, and training; and • promotions, pay, and benefits. All such decisions are based on the individual applicant's or employee's qualifications as they relate to the particular job.
2.4 A majority of the Board should be independent directors	The Board has 2 independent Directors out of 6 Directors. The Chairmen of the Board and of the Audit and Risk Committee are independent. The Board considers the present composition of the Board to be appropriate at Listing. The 3 non-executive directors have many years of public company and professional experience. The 3 Executive Directors have built the Company's business and act as a coherent unit in bringing their operational expertise to bear in all management decisions. The Remuneration and Nomination Committee has a priority to recruit another independent Non-Executive Director as soon as practicable.

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INVESTMENT RISKS

INVESTMENT RISKS

10.1 INTRODUCTION

Due to the nature of the Company's products or services, the Directors believe that an investment in the Shares remains speculative at this stage. You should carefully consider the risks involved in acquiring the Shares, including those risks described below and all of the other information set out in this Prospectus before deciding to invest in the Shares. If any of the events or developments described below occurs, the Company's business, financial condition or results of operations could be negatively affected. In that case, the market price of the Shares could decline, and you could lose all or part of your investment. You should note that on quotation of the Shares on the Official List, the market price may differ significantly to the Offer Price paid for the Shares. As with any equity investment, substantial fluctuations in the value of that investment may and often do occur.

This Section 10, which is not exhaustive of risks, identifies the risks that the Directors regard as the major risks associated with the Company's business and the industry in which it operates and the risks associated with an investment in the Shares. You should read the entire Prospectus (with particular emphasis on this Section) before any decision is made to subscribe for the Shares.

The Directors are of the opinion that the funds being sought will enable the Company to capitalise on the next phase of activity however if you are considering an investment in the Company, you are also strongly advised to consider whether the Shares are a suitable investment having regard to your personal investment objectives and financial circumstances (and the risk factors set out in this Section 10). If you are in any doubt about the suitability of an investment in the Company, you should consult with your financial adviser, stockbroker, solicitor, accountant or other professional adviser before deciding whether to apply for the Shares.

10.2 COMPANY SPECIFIC RISKS

Risks specific to the Company's business and the industry in which it operates:

Company-Specific Risks

TYPE OF RISK	DESCRIPTION OF RISK
Acquisition risk	The Offer is aimed at raising sufficient funds for the Company to complete its acquisition of Australia Skydive (refer to Sections 6 & 12) so that it may expand its business by adding a further 5 drop zones to its existing 11 drop zones around Australia. There can be no guarantee that the conditions precedent to the completion of that transaction will be met or waived. There can be no guarantee that the Company will be able to achieve the revenue or profits from its business, including the Australia Skydive business, within the currently proposed timelines, or within the proposed budget.
Liquidity risk	Investment is only being sought for a minority stake in the Company as Existing Shareholders will hold between 71 - 83% of the Shares. Accordingly, there is a significant liquidity risk, particularly as those 71 - 83% of the Shares will be escrowed for 24 months.
Dilution risk	There is future dilution risk to minority Shareholders should the Company seek to raise further equity funds.
Reputation risk	The success of the Company is dependent on it maintaining a positive reputation. Unforeseen issues or events which place the reputation of the Company at risk may impact on future earnings and growth prospect. Investors should be aware that the activities undertaken by the STB Group are inherently risky and any adverse event may impact the Company's reputation.
Development risk	Whilst the Company was incorporated on 19 December 2013, the businesses it acquired on 1 July 2014 from entities in the Aggregated Historical Group (refer to Sections 7 and 8) have significant operating history. The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in development and expansion of an existing business. There are a number of risks facing the Company in the execution of its business strategy. While the Directors are of the view that there are plans in place to ensure these risks are mitigated, these factors may still impact upon investor returns.
Competition and sensitivity	It is possible that other entities in Australia and around the world may be trying to compete with the Company. The Company cannot guarantee that a competitor will not reduce the Company's market share or margins through competitive businesses or strategies. As set out in Section 7.7.2, the Company's financial performance is sensitive to a number of variables, which variables (both positive and negative) may arise as a result of competition or otherwise.

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RISKS

TYPE OF RISK	DESCRIPTION OF RISK
Funding	The ability of the Company to effectively implement and expand its business plan over time may depend, in part, on its ability to raise additional funds as required. The Company and the Directors give no assurances that any equity or debt funding will be available to the Company, or be available on acceptable terms.
Weather	The ability of the Company to provide its skydiving services is weather dependent in that jumps will not proceed in winds in excess of 25 knots (43 kms/hour). Sustained heavy rain will also affect timing and ability to jump. Whilst every effort is made to maximise the number of jumps per day, safety of the customers is of paramount importance and cancellation or postponement of scheduled jumps may affect revenue and profitability, notwithstanding that a certain level of "adverse weather factor" is built into the budgets and forecasts.
Reliance on Board Members and Key Management	The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its Board of Directors, senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these personnel cease their employment or engagement with the Company. While every effort is made to retain key personnel, and to recruit new personnel as the need arises, the loss of one or more key personnel may adversely affect the Company's development plans, earnings or growth prospects.
Drop zone leases	The STB Group does not own any real estate and leases all of its drop zone sites, with 3 of the STB Group's 11 existing drop zone sites being leased from companies associated with Mr Anthony Boucaut, an executive Director and Chief Executive Officer of the Company. There is a risk that the Company's operations and financial performance may be adversely affected in the event that any drop zone leases were not renewed in the future.
Equipment	The Company business has significant reliance on its aircraft, parachutes and associated parachute equipment, vehicles and systems necessary for tandem skydiving and from time to time may incur significant expenditure on equipment and systems upgrades and maintenance. The Company's equipment and systems are an essential part of the successful running of its day to day business and as such any interruptions to one or more of these equipment or systems could impair the ability of the Company to service its clients. Maintenance, repair, backup and restoration procedures are in place, however a natural disaster or other unforeseen event that results in a loss of use of, or access to, the Company's equipment or systems, the loss or corruption of data or the inability of the Company to service its clients could have a negative impact on the Company's performance.
Relationship with suppliers and lessors	The Company contracts with third parties to provide certain goods and services including hangars, runways and some aircraft and including leases of all of its existing 11 drop zone sites (3 of those leases being from companies associated with Mr Anthony Boucaut, an executive Director and Chief Executive Officer of the Company). The ongoing relationship management with its suppliers is important to the ongoing success of the Company's business. Failure to maintain such relationships with its suppliers and certifiers in the future may lead to termination of any of the supply contracts or lease agreements and provide opportunities for competitors to gain a competitive advantage, and may have other adverse effects such as lessening the ability of the Company to service its customers which may have an adverse effect on the Company's earnings and growth prospects.
Government and legal risk	Changes in government, fiscal, monetary environmental, taxation, regulatory policies and other laws may also affect the business of the Company. The market in which the Company provides products and services is anticipated to become subject to increasing regulation. Changes to the regulatory framework could impact on the industry generally and have an adverse impact on the financial position, performance, assets and operations of the Company.

INVESTMENT RISKS

TYPE OF RISK	DESCRIPTION OF RISK
Aviation permits	The Company's operations rely upon the availability of aircraft it either owns or sources from Subsidiaries or external suppliers from time to time. Some of the Company's Subsidiaries are appointed the registered operator by CASA for aircraft it owns. The Company and Related Parties endeavour to meet all CASA operational requirements and flight standard approvals. There is no guarantee that each of the aircraft will continue to meet the appropriate CASA flight approvals and standards at all times. CASA may issue changes to the flight approvals and standards from time to time and the resultant changes may require the installation of additional equipment, modifications, additional costs and time to resolve or comply. Flight approval changes may result in particular locations not being able to be operated whilst complying with any regulation change. If this circumstance arises this could impact on the Company's proposed future sales of skydiving and related products and would negatively impact future revenue generation.
Growth Management	The Company's success is dependent upon the successful management and execution of its growth strategy. To manage this growth effectively, the Company will need to maintain efficient control and supervision of its operations and financial systems and continue to expand, train and manage its employees and secure new appropriate skilled employees. Further to this, the Company will need to keep abreast of new and developing technology. There is a risk that the Company may not be able to execute its growth strategies. In particular, the Company's growth strategy depends upon its ability to continue to maintain and grow generic earnings as well as identify and make suitable acquisitions that are revenue and profit accretive.
Taxation	Changes in tax law, or changes in the way taxation laws are interpreted may impact the tax liabilities of the Company or the tax treatment of a Shareholder's investment. In particular, both the level and basis of taxation may change. In addition, an investment in the Shares involves tax considerations which may differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.
Regulatory risk	The Company is subject to a range of regulatory controls imposed by government and regulatory authorities (for example, ASX, ASIC and CASA). The relevant regulatory regimes are complex and are subject to change over time depending on changes in the laws and the policies of the governments and regulatory authorities. The Company is exposed to the risk of changes to the applicable laws and/or the interpretation of existing laws which may have a negative effect on the Company, its investments and/or returns to Shareholders or the risks associated with non-compliance with these laws (including reporting or other legal obligations). Non-compliance may result in financial penalties being levied against the Company.
Dividend risk	The Company has not to date paid any dividend. There is no certainty that the Company will pay dividends in the future.
Insurance	The operation of a skydiving business involves hazards and risks that could result in the Company incurring losses or liabilities that could arise from its operations. The STB Group's parachuting operations at each of its drop zones are covered by public liability insurance provided to all members of the APF as part of membership fees paid by the STB Group to the APF. The public liability insurance provided with membership of the APF responds in relation to negligent damage caused to third party person or property whilst participating in parachuting activity under the auspices of APF. If the Company incurs losses or liabilities which are not covered by the insurance policies provided by the APF, the funds available for working capital and/or revenue growth opportunities may be reduced. The Company has, and intends to maintain, insurance of its assets and operations in accordance with industry practice through its own insurance policies. However, the occurrence of an event that is not covered or fully covered by these insurance policies could have a material adverse effect on the business, financial condition and results of the Company.
Loss of goodwill	There is an inherent risk of loss of business goodwill in the event of an accident occurring involving the STB Group or any of its operations.

INVESTMENT RISKS

10.3 INVESTMENT SPECIFIC RISKS

General risks associated with an investment in the Company are as follows:

General Investment Specific Risks

TYPE OF RISK	DESCRIPTION OF RISK
Income and capital risk	An investment in the Company is speculative in nature and the capital contributed and the returns projected are not guaranteed by the Company, it's Directors, officers or any other person. The speculative nature of the investment poses a risk and the capital may not be returned.
Existing shareholders retain a significant stake	Following Listing, the Existing Shareholders will hold 83% of the issued capital of the Company if the Minimum Subscription is reached, 71% of the issued capital of the Company if the Maximum Subscription is reached and 66% if the full amount of \$5 million in oversubscriptions is received and accepted (excluding shares that Existing Shareholders may hold upon exercise of Options - refer to Sections 12 & 14), 193,369,700 of the existing Shares, representing 100% of the issued capital of the Company pre listing, will be subject to escrow restrictions for a period of 24 months following the Company's Listing on ASX. Following the lifting of escrow restrictions there is no restriction on the sale of any of the Shares released and shareholders are able to sell those Shares as they deem appropriate. These Shareholders may not be long term holders of the Shares and a significant sale of Shares by some or all of the Existing Shareholders, or the perception that such sales have occurred or might occur, could adversely affect the price of Shares. Alternatively, the absence of any sale of Shares by the Existing Shareholders may cause or contribute to a diminution in the liquidity of the market for the Shares.
Liquidity and IPO Risk	There is no guarantee that the Shares will trade at a particular price or a particular volume after the Company's Listing on the ASX. There is no guarantee that there will be an ongoing liquid market for Shares. Accordingly there is a risk that, should the market for shares become illiquid, Shareholders will be unable to realise their investment in the Company.
Dilution	The Company may need to raise additional funds through a further capital raising or debt facility at some time in the future after the conclusion of capital raising being undertaken under this Prospectus. Any such further capital raising is likely to have the effect of diluting the interests of Shareholders.
Litigation	In the ordinary course of its business, the Company may be subject to the risk of litigation and other disputes with its employees, consultants, lessors, regulators and other third parties. Proceedings may result in high legal costs, adverse monetary judgments and/or damage to the Company's reputation, which ultimately is likely to have an adverse effect on the financial performance of the Company.
Offer not fully subscribed	The Directors give no assurances that the objectives of the Company outlined in this Prospectus will be met. The Offer described in this Prospectus is intended to raise sufficient funds to fund the acquisition and working capital needs of the Company (refer to Sections 2 and 11). In the event the Offer as described in the Prospectus is not fully subscribed, the Company may scale back its objectives and operations, including marketing and other expenditure.
Financial performance	The operating results are difficult to predict and are subject to a number of factors as detailed above. There can be no guarantee that the Company will achieve its stated objectives or that any forward-looking statements will eventuate.
General economic risks	The performance of the Company, in common with other companies, is subject to general economic conditions, movements in interest and inflation rates, prevailing global commodity prices and currency exchange rates that may have an adverse effect on the Company's activities, as well as its ability to fund those activities. Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions can be affected by many market factors such as: • General economic outlook; • Interest rates and inflation rates; • Currency fluctuations; and • Changes in investor sentiment.

INVESTMENT RISKS

10.4 CONCLUSION

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares. Therefore, there is no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares.

You should consider that an investment in the Company is speculative at this stage and consult your financial adviser, stockbroker, solicitor, accountant or other professional advisers before deciding whether to apply for the Shares.

DETAILS OF THE OFFER



DETAILS OF THE OFFER

11.1 WHAT IS THE OFFER?

The Company is offering Shares to raise a minimum of \$10 million and up to maximum of \$20 million with ability to raise an additional \$5 million in oversubscriptions.

The Offer is open to investors who have a registered address in Australia and New Zealand.

Applicants under the Offer will be required to pay \$0.25 per Share for each Share they apply for.

11.2 DISCRETION UNDER THE OFFER

The Company reserves the right not to proceed with the Offer at any time before the allotment of Shares under the Offer. If the Offer does not proceed, Application Monies received by the Company will be refunded in full (without interest). The Company takes no responsibility for Application Monies paid to the Lead Manager until these are received by the Company.

The Company reserves the right to decline any Applications in whole or in part without giving any reason. An Application may be accepted by the Company in respect of the full number of Shares specified in the Application or any of them without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

The Company reserves the right to close the Offer early, to accept late Applications or extend the Offer without notifying any recipient of this Prospectus or any Applicant.

11.3 PURPOSE OF THE OFFER

The purpose of the Offer is to:

- To raise capital in order to fund the acquisition of Australia Skydive;
- To provide the Company with access to the public equity capital markets to pursue future growth opportunities and improve capital management flexibility;
- To achieve Listing on the ASX to broaden the Shareholder base;
- To retire debt and fund capital expenditure as required;
- To enable further acquisition of drop zones as opportunities arise; and
- To provide for working capital for the Company to develop production and sale of skydiving and related products and services.

11.4 MINIMUM SUBSCRIPTION

The Minimum Subscription required for the Offer to proceed is \$10 million. If the Minimum Subscription is not obtained within 4 months after the date of this Prospectus, the Company will repay all Application Monies in full without interest as soon as practicable or issue a supplementary or replacement prospectus and allow Applicants one month in which to withdraw their Applications and be repaid their Application Monies in full without interest.

11.5 HOW DO I APPLY UNDER THE OFFER?

Applicants are able to complete an Application Form attached to the back of this Prospectus (or a printed copy of the Application Form attached to the electronic version of the Prospectus) or apply online at www.skydive.com.au/investors or www.boardroomlimited.com.au/skydive

Instructions on how to apply are set out in this Section 11 and on the back of the Application Form.

11.6. WHO IS ELIGIBLE TO PARTICIPATE IN THE OFFER?

The Offer is open to investors who have a registered address in Australia and New Zealand. The Company reserves the right in its absolute discretion to issue no Shares to Applicants under the Offer.

11.7 COMPLETING AND RETURNING YOUR APPLICATION

11.7.1 What is the minimum and maximum application under the Offer?

Applications must be for a minimum of 8,000 Shares (i.e. \$2,000). Applications in excess of the minimum number of Shares must be in multiples of 2,000 Shares (i.e. \$500).

There is no maximum amount that may be applied for under the Offer. The Company reserves the right to aggregate any Applications under the Offer which it believes may be multiple Applications from the same person.

The Company reserves the right to reject any Application or to allocate a lesser number of Shares than that which is applied for.

11.7.2 How do I apply under the Offer?

Applications for Shares under the Offer must be made either:

- In respect of application for Shares made through the **General Offer** (refer to section 11.7.3);
- In respect of applications for Shares made through the **Broker Firm Offer** (refer to section 11.7.4); or
- In respect of applications for Shares made through an **Institutional Offer** (refer to section 11.7.5).

11.7.3 General Offer

In order to apply for Shares under the General Offer, please complete the General Offer Application Form that is included in or accompanies this Prospectus (or a printed copy of the General Offer Application Form attached to the electronic version of the Prospectus) or apply online at www.boardroomlimited.com.au/skydive. General Offer Application Forms must be completed in accordance with the accompanying instructions.

Any Applicants applying online must personally complete the online Application Form and pay the Application Monies via BPAY® if applying in Australian dollars. Application Forms completed online must not be completed by third parties, including authorised third parties (e.g. the Applicant's Broker).

DETAILS OF THE OFFER

For printed Applications, once completed, please lodge your General Offer Application Form and Application Monies so that it is received at the address of the Company's Share Registry set out below by the Closing Date.

By mail to:

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney, NSW 2000

How to complete and attach your cheque for the Application Monies

Application Monies may be provided by BPAY* (see below), cheque(s) or bank draft(s).

Your Application Monies must be for Shares in Australian dollars.

Please choose only one of the following payment methods on the General Offer Application Form:

- **Paying your Application Monies by Cheque(s) or bank draft(s):**
 - (a) In Australian currency;
 - (b) Drawn on an Australian branch of a financial institution;
 - (c) Not post-dated as cheques will be banked on the day of receipt;
 - (d) Crossed 'Not Negotiable'; and made payable to 'Skydive the Beach Group Limited'.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s) or bank draft(s). If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the amount you have applied for in your General Offer Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

- **Paying your Application Monies by BPAY***

Investors may apply for Shares online and pay their Application Monies by BPAY*. Investors wishing to pay by BPAY* should complete the online Application Form accompanying the electronic version of this Prospectus which is available at www.skydive.com.au/investors and follow the instructions on the online Application Form which includes the Biller Code and your unique Customer Reference Number (CRN).

Any Applicants applying online must personally complete the online Application Form and pay the Application Monies. Application Forms completed online must not be completed by third parties, including authorised third parties (e.g. the Applicant's Broker).

You should be aware that you will only be able to make a payment via BPAY* if you are the holder of an account with an Australian financial institution which supports BPAY* transactions.

When completing your BPAY* payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN, your Application will not be recognised as valid.

It is your responsibility to ensure that payments are received by 5.00pm (AEDT) on the Closing Date.

Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY*, and policies with respect to processing BPAY* transactions may vary between banks, credit unions or building societies. The Company accepts no responsibility for any failure to receive Application Monies or payments by BPAY* before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

11.7.4 Broker Firm Offer

The Broker Firm Offer is open to Australian resident Retail Applicants who have received a firm allocation from their Broker and who have a registered address in Australia. If you have been offered a firm allocation by a Broker, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Application Form with the Broker from whom you received your firm allocation. Broker Firm Offer Application Forms for the Broker Firm Offer must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Broker Firm Offer Application Form.

The allocation of Shares will be determined by the Company in consultation with the Lead Manager. Shares that have been allocated to Brokers for allocation to their clients will be issued to the Applicants who have received a valid allocation of Shares from those Brokers.

It will be a matter for the Brokers how they allocate Shares among their clients, and they (and not the Company nor the Lead Manager) will be responsible for ensuring that clients have received an allocation from them, to receive the relevant Shares.

The Company, the Share Registry and the Lead Manager take no responsibility for any acts or omissions by your Broker in connection with your Application, Broker Firm Offer Application Form and Application Amount (including, without limitation, failure to submit Broker Firm Offer Application Forms in accordance with the deadlines set by your Broker).

Paying your Application Monies DvP

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions from their Broker. Delivery versus Payment (DvP) settlement is available for Applicants under the Broker Firm Offer.

DETAILS OF THE OFFER

11.7.5 Institutional Offer

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares. The Lead Manager has advised Institutional Investors of the application procedures for the Institutional Offer.

The allocation of Shares between the Institutional Offer, the Broker Firm Offer and the General Offer will be determined by the Lead Manager in consultation with the Company. The Lead Manager in consultation with the Company has absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer will be advised of their allocation of Shares, if any, by the Lead Manager. The allocation policy will be influenced by the following factors:

- Number of Shares bid for by particular Applicants;
- The timeliness of the bid by particular Applicants;
- The Company's desire for an informed and active trading market following Listing;
- The Company's desire to establish a wide spread of institutional Shareholders;
- Overall level of demand under the Broker Firm Offer, Institutional Offer, and General Offer;
- The size and type of funds under management of particular Applicants;
- The likelihood that particular Applicants will be long-term Shareholders; and
- Any other factors that the Company and the Lead Manager considered appropriate.

Applicants under the Institutional Offer must pay their Application Monies in accordance with instructions from the Lead Manager.

How to pay your application monies by DvP

Applicants under the Institutional Offer must pay their Application Monies in accordance with instructions from the Lead Manager. Delivery versus Payment (DvP) settlement is available for Applicants under the Institutional Offer.

11.8 FEES, COSTS AND TIMING FOR APPLICATIONS

When does the Offer open?

The Offer is expected to open for Applications on 26 February 2015. However, this may be delayed if ASIC extends the Exposure Period for the Prospectus.

What is the deadline to submit an Application under the Offer?

It is your responsibility to ensure that your Application Form and Application Monies are received by the Share Registry before 5.00pm (AEDT time) on the Closing Date for the Offer which is 18th March 2015.

The Company and the Share Registry take no responsibility in respect of an Application Form or Application Monies which are delivered to your Broker in connection with your

Application until such time as your Application Form and Application Monies are received by the Share Registry.

Is there any brokerage, commission or stamp duty payable by Applicants?

No brokerage commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.

What are the costs of the Offer and who is paying them?

The costs of the Offer include the legal, accounting, advisory and other costs associated with the production of the offering documentation. At the time of production of this Prospectus the costs payable by the Company are estimated to be \$1.325 million assuming the Minimum Subscription of \$10 million is achieved, \$1.835 million assuming the maximum subscription of \$20 million is achieved (in both cases assuming that 100% of the relevant subscription amount is raised) and \$2,089.6 million assuming the full amount of \$5 million in oversubscriptions is received and accepted. The Company will pay these costs from available cash or the proceeds of the Offer.

11.9 CONFIRMATION OF YOUR APPLICATION AND TRADING ON ASX

When will I receive confirmation whether my Application has been successful?

Applicants under the Offer will be able to call the Company Offer information line on 1300 737 760 (toll free within Australia), or +61 2 9290 9600 (outside Australia) from 8.30am until 5.30pm (Sydney time) Monday to Friday, from 24 March 2015 to confirm their allocation.

Holding statements confirming Applicant's allocations under the Offer are expected to be sent to successful Applicants on or around 24 March 2015.

When will I receive my Shares and when can I trade my Securities?

Subject to ASX granting approval for the Company to be admitted to the Official List, the Company will issue the Shares to successful Applicants as soon as practicable after the Closing Date. Allotment is expected to occur on 24th March 2015.

Trading of the Shares on ASX is expected to commence on 30th March 2015 on a normal T + 3 settlement basis.

If you sell your Shares before receiving an initial holding statement, you do so at your own risk, even if you have obtained details of your holding from your Broker or the Company's Offer Information Line.

Who do I contact if I have further queries?

If you have queries about investing under the Offer, you should contact your stockbroker, financial adviser, accountant or other professional adviser.

If you have queries about how to apply under the Offer or would like additional copies of this Prospectus, please call the Company Offer information line on 1300 737 760 (toll free within Australia), or +61 2 9290 9600 (outside Australia) from 8.30am until 5.30pm (AEDT time) Monday to Friday.

DETAILS OF THE OFFER

11.10 ALLOCATION POLICY

The basis of allocation of Shares under the Offer will be determined by the Board. It is currently expected that certain Shareholders, Directors and employees of the Company will be permitted to participate in the Offer.

In allocating the Shares, it is the intention of the Board to ensure that the Company has an adequate spread of Shareholders. The allocation of the Shares is at the absolute discretion of the Company (in consultation with the Lead Manager). For Broker Firm Offer Applicants, Brokers will decide as to how they allocate Shares that they are allocated among their Retail Applicants.

The Company reserves the right in its absolute discretion to not issue Shares to Applicants under the Offer and may reject any Application or allocate a lesser number of Shares than those applied for at its absolute discretion.

11.11 APPLICATION MONIES

All Application Monies will be held by the Company on trust in a separate account until the Shares are issued to successful Applicants.

11.12 OVERSUBSCRIPTIONS

The Company may accept oversubscriptions of up to 20,000,000 Shares for a maximum additional subscription amount of \$5,000,000, as determined by the Directors. The Directors intend to repay debt and/or acquire additional revenue producing assets such as aircraft and parachute rigs.

11.13 SHAREHOLDING STRUCTURE

A total of 12 existing Shareholders presently hold 100% of the Shares in the Company. The Existing Shareholders are expected to hold approximately 71% of the total Shares on issue following Completion of the Offer based on the Maximum Subscription being raised, 83% of the total Shares on issue following Completion of the Offer based on the Minimum Subscription being raised or 66% of the total Shares on issue following completion of the Offer if the full amount of the \$5 million in oversubscriptions is received and accepted. The table below illustrates the ownership structure of the Company immediately prior to Completion of the Offer.

If the Offer is fully subscribed, the total number of Shares on issue at the Completion of the Offer will be 273,369,700 assuming the Maximum Subscription is achieved, or 233,369,700 assuming the Minimum Subscription is achieved, and all Shares will rank equally with each other. Assuming that the Maximum Subscription is achieved, the Shares offered under this Prospectus will represent up to 29% of the Shares on issue on Completion of the Offer, or 17% of the Shares on issue on Completion of the Offer assuming that the Minimum Subscription is achieved.

If the offer is fully subscribed and oversubscriptions to the full amount of \$5 million are received and accepted, the total number of Shares on issue following completion of the Offer will be 293,369,700.

The substantial shareholders and their interests before and after the Offer assuming the Maximum Subscription is achieved are (rounded up to the nearest percentage):

DETAILS OF THE OFFER

Shareholding structure pre-Offer and on Completion

SHAREHOLDER	OWNERSHIP OF THE COMPANY IMMEDIATELY PRIOR TO COMPLETION OF THE OFFER (SHARES)	%	INDICATIVE OWNERSHIP STRUCTURE OF THE COMPANY UPON COMPLETION OF THE OFFER (SHARES)			
			MINIMUM	%	MAXIMUM	%
Boucaut Enterprises Pty Ltd	132,083,965	68.16%	132,083,965	56.6%	132,083,965	48.29%
Skydive Perth Pty Ltd	16,338,000	8.40%	16,338,000	7.0%	16,338,000	6.0%
Skydive the Beach Melbourne Pty Ltd	7,482,000	3.90%	7,482,000	3.2%	7,482,000	2.7%
Skydive the Beach Pty Ltd	23,912,660	12.40%	23,912,660	10.26%	23,912,660	8.67%
Ariane Radford	7,267,940	3.80%	7,267,940	3.1%	7,267,940	2.7%
Celeste Linda Ritter	3,383,970	1.80%	3,383,970	1.5%	3,383,970	1.2%
Whitfield Investments Pty Ltd	2,400,545	1.20%	2,400,545	1.0%	2,400,545	0.9%
Galdarn Pty Ltd	500,000	0.30%	500,000	0.2%	500,000	0.2%
Skydive the Beach Great Ocean Road Pty Ltd	200	0.01%	200	0.01%	200	0.01%
Skydive the Beach Central Coast Pty Ltd	200	0.01%	200	0.01%	200	0.01%
Melbourne Skydive Centre Pty Ltd	200	0.01%	200	0.01%	200	0.01%
Tamahra Prowse	20	0.01%	20	0.01%	20	0.01%
			40,000,000	17.1%	80,000,000	29.3%
	193,369,700	100%	233,369,700	100.0%	273,369,700	100.0%

Notes:

- Boucaut Enterprises Pty Ltd, Skydive Perth Pty Ltd, Skydive the Beach Melbourne Pty Ltd, Skydive the Beach Pty Ltd, Skydive the Beach Great Ocean Road Pty Ltd, Skydive the Beach Central Coast Pty Ltd and Melbourne Skydive Centre Pty Ltd and Tamahra Prowse are associated with Anthony Boucaut, an Executive Director and the Chief Executive Officer of the Company.
- Ariane Radford is associated with Timothy Radford, an Executive Director and the Chief Operating Officer of the Company.
- Celeste Linda Ritter is associated with Anthony Ritter, an Executive Director and the Chief Financial Officer of the Company.
- Whitfield Investments Pty Ltd and Galdarn Pty Ltd are both entities associated with John Diddams, a Non-Executive Director of the Company.
- Any discrepancies between totals and sums of components in this table are due to rounding.
- The table above does not include any shares that may be issued on the exercise of any of the outstanding options on issue, or in the event that oversubscriptions are received and accepted.

On Completion of the Offer, the Existing Shareholders will have no shareholders' agreement or other arrangements between them in respect of the Shares they hold. All of the Shares held by the existing Shareholders listed above post IPO will be subject to restrictions contained in escrow arrangements described in Section 11.14.

11.14 ASX RESTRICTION AGREEMENTS

In connection with the Company's application for admission to the Official List of ASX, ASX requires that all or part of the shares held by all Existing Shareholders post IPO will be subject to restrictions contained in escrow arrangements with the ASX. Those restriction agreements are in the standard form required by ASX.

193,369,700 Shares, being all Shares held by the Directors, (either directly or through associated entities) are restricted for 24 months from the date of admission of the Company to the Official List and these Shares will be released from escrow at the end of that period.

11.15 POTENTIAL EFFECT OF THE FUNDRAISING ON THE FUTURE OF THE COMPANY

The Directors believe that on completion of the Offer, the Company will have sufficient funds available from the cash proceeds of the Offer, and its operations, to fulfil the purposes of the Offer and meet its stated business objectives.

11.16 SHARE OPTION PLAN

The Board has adopted the "STB Share Option Plan" ("Plan"). The Plan is designed to:

- Attract, reward, retain and incentivise eligible participants;
- Establish a method by which eligible participants can participate in the future growth and profitability of the Company; and

DETAILS OF THE OFFER

- Recognise the ongoing ability of eligible participants and their expected efforts and contribution to the performance and success of the Company.

A summary of the Plan is set out in sections 12.5 and 14.

11.17 ASX LISTING, REGISTERS AND HOLDING STATEMENTS

11.17.1 ASX listing

The Company has applied to ASX for admission to the Official List and for its Shares to be granted official quotation by ASX. The Company is not currently seeking a listing of its Shares on any financial market other than ASX.

The fact that ASX may admit the Company to the Official List and grant official quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered for issue under the Offer. ASX takes no responsibility for the contents of this Prospectus. Normal settlement trading in the Shares, if quotation is granted, will commence as soon as practicable after the issue of holding statements to successful Applicants.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive confirmation of their allotment will do so at their own risk.

If ASX does not grant permission for the Shares to be quoted within 3 months after the date of the Original Prospectus, the Shares will not be issued and all Application Monies will be refunded (without interest) as soon as practicable.

11.17.2 Chess and Issuer Sponsored Holdings

The Company will apply to participate in the ASX's Clearing House Electronic Subregister System (CHES) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHES is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHES subregister or an issuer sponsored subregister.

For all successful Applicants, the Shares of a Shareholder who is a participant in CHES or a Shareholder sponsored by a participant in CHES will be registered on the CHES subregister. All other Shares will be registered on the issuer sponsored subregister.

Following completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number for CHES holders or, where applicable, the Security holder Reference Number of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements

during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHES subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

11.18 RESTRICTIONS ON DISTRIBUTION

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia. In particular, the Offer and sale of the Shares has not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

Each Applicant will be taken to have represented, warranted and agreed as follows:

- It understands that the Offer and sale of the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States other than under an exemption from such law and may not be offered, sold or resold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws;
- It is not in the United States;
- It has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and
- It will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

11.19 TAX IMPLICATIONS OF INVESTING IN THE COMPANY

The taxation consequences of any investment in the Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company.

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Various contracts entered into by the Company and/or its Subsidiaries may be material to the Offer or the operation of the business of the STB Group. The Directors of the Company consider that the contracts summarised below are significant or material to the Skydive the Beach Group (“**Material Contracts**”). The main provisions of the Material Contracts are summarised in this section. Each Material Contract appears in summary form only. Some terms may be defined in the Material Contracts but not defined in this Prospectus.

12.1 ACQUISITION AGREEMENT

On 10 December 2014, Skydive the Beach and Beyond Sydney Wollongong Pty Ltd (being a fully held subsidiary of the Company) entered into a Share Sale Deed as the “Purchaser”, under which the Purchaser has agreed to buy (or cause its nominee to buy) 4,000,000 ordinary shares each fully paid (being all of the issued share capital) in Australia Skydive Pty Ltd ABN 14 134 382 004 (“**Australia Skydive**”) from the existing shareholders of Australia Skydive (“Vendor”), subject to certain preconditions being satisfied or waived.

At the time of entry into the Share Sale Deed, Australia Skydive was the parent company having a number of Related Bodies Corporate operating its Business (as defined in the Share Sale Deed) (Australia Skydive and its Related Bodies Corporates being the “Skydive Australia Group” as defined in the Share Sale Deed). The Share Sale Deed requires, as one of the conditions precedent to Completion, that the Skydive Australia Group undergo a “Restructure” (as defined in the Share Sale Deed) such that the various Related Bodies Corporates of Australia Skydive must transfer all of the relevant assets of the Skydive Australia Group and its business to Australia Skydive, and Australian Skydive must thereafter transfer to third parties all of the shares it holds in those Related Bodies Corporate, with the result that Australia Skydive shall own all of the relevant assets of the Skydive Australia Group and its business and have no subsidiary or Related Bodies Corporate in which it holds shares following the “Restructure”. Subject to the other preconditions being satisfied or waived, provided the “Restructure” is completed prior to Completion as set out in the Share Sale Deed, the Purchaser shall acquire Australia Skydive and the business formerly conducted by the “Skydive Australia Group” and all relevant assets owned and utilised in that business.

The purchase price for the Proposed Acquisition is \$11,700,000, payable as follows:

- (a) Non-refundable Initial Deposit (already paid upon execution of the Share Sale Deed: \$400,000
- (b) Non-refundable Final Deposit (already paid as at the date of this Prospectus) in accordance with the Share Sale Deed: \$200,000
- (c) Initial Consideration: \$7,800,000
The Initial Consideration is payable to the Vendor upon Completion as follows:
 - i. \$7,400,000 to the Vendor; and
 - ii. \$400,000 into an Escrow Account to be dealt with in accordance with the terms of the Share Sale Deed. The \$400,000

paid upon Completion into the Escrow Account is payable to the Vendor post-Completion upon the terms of an Escrow Deed dated 10 December 2014 entered into by the Purchaser and the Vendor parties. The release to the Vendor of the sum of \$400,000 paid on Completion into the Escrow Account is subject to certain adjustments based on Completion Accounts to be prepared in accordance with the terms of the Share Sale Deed post-Completion.

(d) Vendor Finance Amount: \$3,300,000

The Share Sale Deed provides for certain adjustments to be made to the Vendor Finance Amount which could increase or decrease the sum of the Vendor Finance Amount.

The Vendor Finance Amount is the subject of a Loan Agreement to be entered into on Completion between the Vendor parties and the Purchaser under which the Vendor parties will agree to provide a Facility Amount of a total of \$3,300,000 to the Purchaser (subject to adjustment pursuant to the Share Sale Deed). Interest is payable at 6% per annum on the Facility Amount outstanding from time to time, and interest is payable in arrears monthly on each Advance. The Facility Amount of \$3,300,000 together with accrued interest is repayable in full to the Vendor no later than the date that is 3 years from the date of the Loan Agreement. The Loan Agreement and the Facility Amount will be secured by:

- i. A second ranking security interest over all the assets and undertaking of Australian Skydive (as governed by the terms and conditions of a General Security Deed to be entered into by Australia Skydive as the grantor and the Vendor as the grantee and effective upon completion of the Loan Agreement) (provided however that such security shall be first ranking in relation to Aircraft VH-DVS). Financial assistance consents may be required pursuant to the Corporations Act; and
- ii. A second ranking security over all of the ordinary shares in Australia Skydive acquired by the Purchaser (as governed by the terms and conditions of a Specific Security Deed to be entered into by the Purchaser as the grantor and the Vendor as the grantee and effective upon completion of the Loan Agreement).

The obligation of the Vendor to provide the Vendor Finance Amount of \$3,300,000 to the Purchaser is subject to conditions precedent as set out in the Loan Agreement, including but not limited to the condition precedent that Completion occurs with respect to the Share Sale Deed.

In addition, at Completion, the Purchaser will assume up to \$3,000,000 of debt (or such lower figure as is actually outstanding at Completion of the Share Sale Deed) owed by Australian Skydive to the ANZ Bank in relation to four aircraft, one aircraft engine, and a motor vehicle.

Completion of the Share Sale Deed, including the obligation to pay the Initial Consideration and the Vendor Finance Amount components of the purchase price for the Proposed Acquisition, are subject to prior satisfaction or waiver of Conditions Precedent including but not limited

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to the Purchaser securing the finance required to undertake the transaction the subject of the Share Sale Deed.

Either party may terminate the Share Sale Deed prior to Completion if Conditions Precedent stated in the Share Sale Deed to be to their respective benefit are not met. Accordingly, if (for example), the Purchaser is unable to secure the finance required to pay the Initial Consideration no later than 31 March 2015 (or such later date as agreed), the Share Sale Deed may be terminated by the Purchaser and the Proposed Acquisition may not proceed. As at the date of this Prospectus, the right of the Vendor to terminate the Share Sale Deed for failure of Conditions Precedent in its favour are limited to a breach of the Purchaser's limited warranties regarding such matters as its corporate status to enter into the Share Sale Deed and ancillary agreements, or in the event the Purchaser breaches the Share Sale Deed.

Each party has rights to terminate the Share Sale Deed prior to Completion upon the occurrence of certain events set out in the Share Sale Deed. Upon termination, each party is released from its continuing obligations under the Share Sale Deed and the ancillary agreements to the Share Sale Deed will also terminate.

The Share Sale Deed contains indemnities by the Vendor in favour of the Purchaser and warranties in relation to the affairs of Australia Skydive and its Related Bodies Corporate and Related Entities. The Purchaser shall have 3 years after the Completion Date (or in the case of any Tax Claim, 5 years after the Completion Date), to make a claim against the Vendor for breach of any representation, warranty or obligation under the Share Sale Deed, however no claim is payable in relation to claims which, when aggregated with all other claims under the Share Sale Deed and the ancillary agreements to the Share Sale Deed results in a total of all claims exceeding \$14,700,000 (other than in the case of fraud or dishonesty by the Vendor).

The obligations of the Vendor under the Share Sale Deed and the ancillary agreements to the Share Sale Deed are personally guaranteed by each Vendor party or their controllers. The liability of the Guarantors shall not exceed the Vendor's liability in respect of any particular obligation.

Any amounts paid to the Purchaser pursuant to any claim the subject of a Warranty (as defined in the Share Sale Deed) shall be effective as a corresponding deduction in the purchase price.

The Share Sale Deed contains provisions restraining the Vendor (and the Guarantors) from competing in Australia with the Business (as defined in the Share Sale Deed) being acquired by the Purchaser.

On 28 November 2014, following confidential discussions between the Company's Directors and the Australian Competition & Consumer Commission ("ACCC"), the ACCC issued a letter confirming that based on the information provided by the Company to the ACCC in its submission to the ACCC dated 19 November 2014, the ACCC does not intend to conduct a public review of the Proposed Acquisition pursuant to section 50 of the Competition and Consumer Act 2010.

12.2 REDBALLOON AGENCY AGREEMENTS

The Company, through its operating subsidiaries ("Operating Subsidiaries"), has in place Agency Agreements with RedBalloon Pty Ltd ACN 097 376 442 ("RedBalloon") pursuant to which RedBalloon agrees to market and promote the services and products provided by the relevant Operating Subsidiary as agent of the Operating Subsidiary (on a limited agency related only to the subject matter of the Agency Agreement) on terms and conditions including:

- RedBalloon is the agent for the purposes of promotion and sales of its services to physical outlets (other than online outlets, travel agents and direct sales) within Australia;
- The Operating Subsidiary determines the price of products or services promoted and marketed by RedBalloon as agent for the Operating Subsidiary;
- The Operating Subsidiary agrees to pay RedBalloon an agency fee on the sale of their product or service. The agency fee will be calculated as a percentage of the sale price for service or product;
- The Agency Agreement may be terminated by methods including: mutual agreement of the parties, by the Operating Subsidiary on three months' notice in writing, by RedBalloon on four weeks' notice in writing, or at any time by RedBalloon when the Operating Subsidiary is unable to satisfy customer service standards; and
- The Operating Subsidiary agrees to indemnify RedBalloon, its agents, partners and distributors from all costs, liabilities and damages that RedBalloon may sustain arising out of or in connection with the provision of services by the Operating Subsidiary or any third party supplier.

12.3 ADRENALINE OPERATOR AGREEMENT

The Company, through its operating subsidiaries ("Operating Subsidiaries") is party to an Operator Agreement with Adrenaline Pty Ltd ABN 13 117 402 838 ("Adrenaline"), pursuant to which Adrenaline agrees to promote and sell skydiving activities offered to customers by the Operating Subsidiary as agent of the Operating Subsidiary on terms and conditions including:

- The Operating Subsidiary will pay Adrenaline a commission rate based on the retail price of the skydiving activities sold by Adrenaline as agent for the Operating Subsidiary;
- The Operator Agreement is terminable by either party on three months' written notice, or immediately by either party for breach of the Operating Agreement where the breach is not remedied within 14 days' notice, or upon a party becoming an externally administered body corporate; and
- The Operating Subsidiary indemnifies Adrenaline in respect of any breach of its obligations under the Operating Agreement, any negligent or wrongful act or omission of the Operating Subsidiary or its personnel or any workers compensation or similar occupational health and safety claim made by Adrenaline or in relation to a person performing the work in relation to the activity or the Operator

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Agreement and any injury to persons and loss or damage to Adrenaline or third party property caused by the wrongful or negligent act or omission of the Operating Company or its personnel.

12.4 MANDATE AGREEMENT WITH VERITAS

The Company has entered into a mandate agreement with Veritas Securities Limited ("Veritas") dated 10 December 2014 ("Mandate Agreement") pursuant to which the Company appointed Veritas as its Corporate Advisor and Lead Manager in relation to the IPO ("Appointment"). Under the Mandate Agreement, the Company will pay Veritas a management fee equal to 1.0% of the capital raised under the IPO (plus GST) and a sales fee equal to 4.0% of the capital raised under the IPO (plus GST). The Company will also reimburse Veritas all reasonable out-of-pocket expenses in relation to the Appointment, the expenses incurred by Veritas in travel accommodation, roadshow preparation and presentations, and other expenses (to a maximum of \$15,000).

Under the terms of the Mandate Agreement the Company agrees to indemnify Veritas against any and all direct losses, claims by third parties, damages or liability (excluding legal fees and expenses) arising out of the Appointment except to the extent that any loss directly results from the fraud, recklessness, wilful misconduct or gross negligence of Veritas. The liability of Veritas is not to exceed in aggregate the amount of the fees actually paid to Veritas under the Mandate Agreement in relation to the Appointment. The Company has also agreed to indemnify Veritas and each of its officers, employees, agents and advisers (each an "Indemnified Party") against all liability, damages, claims and loss directly or indirectly arising from, and all costs, charges and expenses (including but not limited to legal costs and expenses on a solicitor and own client basis) in connection with: the issue of this Prospectus, any misleading or deceptive statement in this Prospectus or any omission from this Prospectus, any misleading or deceptive conduct by a person (other than Veritas, its officers and agents) in connection with this Prospectus or the issue of securities by the Company, or any conduct by a person (other than Veritas, its officers and agents) that contravenes applicable law in connection with this Prospectus or the issue of securities by the Company. This indemnity will not apply to the extent that such liability and loss was the result of Veritas' fraud, recklessness, gross negligence or wilful misconduct.

12.5 RULES OF THE SHARE OPTION PLAN

The Board has adopted the "STB Share Option Plan" ("Plan"). The Plan is designed to:

- Attract, reward, retain and incentivise eligible participants;
- Establish a method by which eligible participants can participate in the future growth and profitability of the Company; and
- Recognise the ongoing ability of eligible participants and their expected efforts and contribution to the performance and success of the Company.

10.3 million Options have been granted under the Plan as at the date of this Prospectus (refer to section 14)

A summary of the Plan is set out below.

General

The Plan relates to the grant of:

- Options to subscribe for Shares in the Company, subject to satisfaction of any vesting conditions and payment of the exercise price; and
- Performance Rights entitling the holder to Shares in the Company, subject to satisfaction of any vesting conditions.

The Board may from time to time, in its absolute discretion, offer to grant Performance Rights and/or Options to eligible participants under the Plan and upon such additional terms, including vesting conditions (if any) as the Board determines.

Each Option may be issued for no consideration and will carry the right in favour of the Option holder to subscribe for one Share. Unless the Board otherwise determines, Performance Rights will be granted for no consideration in relation to the grant or vesting of a Performance Right.

Any Shares issued under the Plan upon vesting of a Performance Right or exercise of an Option will rank equally in all respects with other Shares for the time being on issue. If the Company is listed on the ASX, the Company will apply for quotation of Shares issued under the Plan within the period required by ASX.

Eligible Participants

Employees and Directors of the Company, or any other person determined by the Board from time to time, are entitled to participate in the Plan but, after the Company is listed, any grant to a Non-Executive Director must first be approved by the shareholders. The Board may grant Performance Rights and/or Options (as applicable) in the name of the eligible participant (or his/her nominee company) and unless the Board determines otherwise, they may not be registered in any name other than the eligible participant (or his/her nominee).

Restriction on Grants under the Plan

The maximum number of Performance Rights and Options that may be granted under the Plan will be determined by the Board from time to time, so long that the number determined by the Board does not exceed any limit specified, imposed or calculated by any relevant policy or guideline of ASIC.

Terms

The terms of Performance Rights and Options issued under the Plan will be set out in the invitation to participate sent to the eligible participant.

Lapse

Options and Performance Rights shall lapse on the earlier of:

- The expiry date specified at time of grant;
- The period of ten years from and including the date of issue of the Option or grant of the Performance Right;

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- 60 days after a participant ceases to be an employee for any reason, unless the Board determines within that 60 day period that any Performance Rights and/or Options vest in circumstances of total and permanent disability or death or other circumstances as the Board may determine; and
- A determination by the Directors that the participant has acted fraudulently, dishonestly or in breach of their obligations to the Company.

Takeover and Scheme of Arrangement

In the event of a takeover bid, any Performance Rights or Options granted will vest automatically if the vesting conditions have been satisfied pro rata.

Adjustments

Prior to the issue of Shares under the Plan, the Board may make adjustments as it considers appropriate to minimise or eliminate any material advantage or disadvantage to a participant resulting from corporate action such as a capital raising or capital reconstruction. For example, if the Company undertakes a pro rata bonus or rights issue, or any reorganisation of the Company's issued capital, the number of Performance Rights or Options, or the number of Shares to which a participant is entitled upon vesting (and exercise in the case of Options), will be adjusted in the manner determined by the Board, having regard to the Listing Rules.

Management of the Plan

The Plan is administered by the Board which may determine appropriate procedures for administration of the Plan consistent with the Plan Rules and delegate to any one or more persons for such period and on such conditions as it may determine the exercise of any of its powers or discretions under the Plan.

12.6 FINANCE AGREEMENTS

Companies in the STB Group have entered into various finance agreements with two key finance providers, being National Australia Bank Limited and Westpac Banking Corporation Limited.

The following is a listing of the material finance arrangements provided to companies in the Skydive The Beach Group. The "Facility Amount" figures are the maximum facility amounts as at the date the relevant finance agreement was entered into and do not include payments made to reduce those amounts since the relevant date. The liabilities of the STB Group are set out in Section 7.

FINANCIER	AGREEMENT	CUSTOMER	SECURITY	ASSET	FACILITY AMOUNT
National Australia Bank	HIRE PURCHASE AGREEMENT	Bill and Ben Investments Pty Ltd	Yes. Specific security interest over the asset and general security interests over STB Group companies including Skydive Holdings Pty Ltd, Skydive the Beach Central Coast Pty Ltd, B&B No. 2 Pty Ltd.	VH-PTX	\$1,393,088
Westpac Banking Corporation	COMMERCIAL LOAN AGREEMENT	B&B No 2 Pty Ltd	Yes. Specific security interest over the asset and general security interests over STB Group companies including B&B No. 2 Pty Ltd, Bill & Ben Investments Pty Ltd,	VH-EAK	\$1,236,057
National Australia Bank	EQUIPMENT LOAN AND GOODS MORTGAGE	B&B No 2 Pty Ltd	Yes. Specific security interest over the asset and general security interests over STB Group companies including B&B No. 2 Pty Ltd, Bill & Ben Investments Pty Ltd, Aircraft Maintenance Centre Pty Ltd	VH-OAI and 21 parachute systems	\$1,152,437
National Australia Bank	MASTER ASSET FINANCE AGREEMENT	Bill and Ben Investments Pty Ltd	Yes. General security interests over companies including Skydive Holdings Pty Ltd.		\$1,111,000
National Australia Bank	EQUIPMENT LOAN AND GOODS MORTGAGE	B&B No 2 Pty Ltd	Yes. Specific security interest over the asset.	VH-HAM	\$1,048,182
Westpac Banking Corporation	HIRE PURCHASE AGREEMENT	Bill and Ben Investments Pty Ltd	Yes. Specific security interest over the asset and general security interests over companies including Bill & Ben Investments Pty Ltd	VH-WKD	\$913,663
Westpac Banking Corporation	COMMERCIAL LOAN AGREEMENT	Bill & Ben Investments Pty Ltd	Yes. Specific security interest over the asset and general security interests over companies including Bill & Ben Investments Pty Ltd	VH-NMV	\$890,938
National Australia Bank	MASTER ASSET FINANCE AGREEMENT	B&B No 2 Pty Ltd	Yes. General security interests over STB Group companies including Skydive Holdings Bill & Ben Investments Pty Ltd, Skydive Holdings Pty Ltd, B&B No. 2 Pty Ltd, Aircraft Maintenance Centre Pty Ltd.		\$700,000
Westpac Banking Corporation	COMMERCIAL LOAN AGREEMENT	Bill and Ben Investments Pty Ltd	Yes. Specific security interest over the asset and general security interests over Group companies including Skydive the Beach & Beyond Airlie Beach Pty Ltd, B&B No. 2 Pty Ltd.	VH-RTS and engine SN L-1294961A	\$563,210

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FINANCIER	AGREEMENT	CUSTOMER	SECURITY	ASSET	FACILITY AMOUNT
Westpac Banking Corporation	COMMERCIAL LOAN AGREEMENT	Bill and Ben Investments Pty Ltd	Yes. Specific security interest over the asset and general security interests over Group companies including Skydive the Beach & Beyond Airlie Beach Pty Ltd, Bill & Ben Investments Pty Ltd, B&B No. 2 Pty Ltd.	VH-CZR	\$535,400
Westpac Banking Corporation	Commercial Loan Agreement	Bill & Ben Investments Pty Ltd	Yes. Specific security interest over the asset and general security interests over STB Group companies including Bill & Ben Investments Pty Ltd, B&B No. 2 Pty Ltd, Skydive the Beach and Beyond Airlie Beach Pty Ltd and Skydive the Beach and Beyond Hunter Valley Pty Ltd.	Engine SN PCE-PCO648	\$395,391.40
National Australia Bank	Hire Purchase Agreement	Bill and Ben Investments Pty Ltd	No additional security provided by any STB Group companies.	VH-PTX	\$367,221.80
Westpac Banking Corporation	Commercial Loan Agreement	Bill & Ben Investments Pty Ltd	Guarantees have been provided by the following Group companies: Skydive the Beach and Beyond Airlie Beach Pty Ltd, Skydive the Beach and Beyond Hunter Valley Pty Ltd and B&B No. 2 Pty Ltd.	VH-NMV and engine	\$328,684.08
National Australia Bank Limited	Equipment Schedule Hire Purchase Agreement	B & B No 2 Pty Ltd	Yes. Specific security interest over the asset and general security interests over STB Group companies including Skydive Holdings Pty Ltd and Bill & Ben Investments Pty Ltd.	Piper Navajo VH-HUR Cessna VH-TCZ	\$271,630.26
Westpac Banking Corporation	Commercial Loan Agreement	Bill & Ben Investments Pty Ltd	Yes. Specific security interest over the asset and general security interests over STB Group companies including Bill & Ben Investments Pty Ltd.	Parachutes and accessories	\$270,619.80
Westpac Banking Corporation	Commercial Loan Agreement	B & B No 2 Pty Limited	Yes. Specific security interest over the asset and general security interests over STB Group companies including B&B No. 2 Pty Ltd and Bill & Ben Investments Pty Ltd.	Parachutes and components	\$235,784.60
Westpac Banking Corporation	Commercial Loan Agreement	B&B No 2 Pty Ltd	Yes. Specific security interest over the asset and general security interests over STB Group companies including Bill & Ben Investments Pty Ltd.	2013 Parachutes - used.	\$235,784.60
Westpac Banking Corporation	Commercial Loan Agreement	Bill & Ben Investments Pty Ltd	Yes. Specific security interest over the asset and general security interests over STB Group companies including Bill & Ben Investments Pty Ltd.	2009 Caravan Engine	\$210,009.96
National Australia Bank Limited	Loan Schedule and Goods Mortgage	B & B No 2 Pty Ltd	Yes. Specific security interest over the asset.	Toyota Hiace Commuter 327SAX Parachutes and accessories	\$182,196.60
National Australia Bank Limited	Loan Schedule and Goods Mortgage	B & B No 2 Pty Ltd	Yes. Specific security interest over the asset.	Cessna with engine, propeller and avionics SN 18265403	\$180,733.96
Westpac Banking Corporation	Commercial Loan Agreement	Bill & Ben Investments Pty Ltd	Yes. Specific security interest over the asset and general security interests over STB Group companies including Bill & Ben Investments Pty Ltd, Skydive the Beach and Beyond Airlie Beach Pty Ltd, Skydive the Beach and Beyond Hunter Valley Pty Ltd and B&B No. 2 Pty Ltd.	Parachute rigs and components	\$149,194.40
Westpac Banking Corporation	Commercial Loan Agreement	Bill & Ben Investments Pty Ltd	Guarantees provided by the following STB Group companies: Skydive the Beach and Beyond Airlie Beach Pty Ltd, Skydive the Beach and Beyond Hunter Valley Pty Ltd and B&B No. 2 Pty Ltd	Parachute rigs and associated equipment	\$126,204.00
Westpac Banking Corporation	Commercial Loan Agreement	Bill & Ben Investments Pty Ltd	Yes. Specific security interest over the asset and general security interests over STB Group companies including Bill & Ben Investments Pty Ltd, Skydive the Beach and Beyond Airlie Beach Pty Ltd, Skydive the Beach and Beyond Hunter Valley Pty Ltd and B&B No. 2 Pty Ltd.	Engine SN P-4014808-06	\$95,565.32

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FINANCIER	AGREEMENT	CUSTOMER	SECURITY	ASSET	AMOUNT
Westpac Banking Corporation	Commercial Loan Agreement	Bill & Ben Investments Pty Ltd	Yes. Specific security interest over the asset.	Mitsubishi Bus VIN JLFBEJO BE00277	\$88,292
Westpac Banking Corporation	Commercial Loan Agreement	Bill & Ben Investments Pty Ltd	Yes. Specific security interest over the asset.	Mitsubishi Bus VIN JLFBE64 9JOBE00 286	\$88,292
Westpac Banking Corporation	Commercial Loan Agreement	Bill & Ben Investments Pty Ltd	Guarantees given by the following STB Group companies: Skydive the Beach and Beyond Airlie Beach Pty Ltd, Skydive the Beach and Beyond Hunter Valley Pty Ltd and B&B No. 2 Pty Ltd	VH-MOO and engine	\$79,442.31
Westpac Banking Corporation	Standard Commercial hire Purchase Agreement	Bill & Ben Investments Pty Ltd	Yes. Specific security interest over the asset and general security interests over STB Group companies including Bill & Ben Investments Pty Ltd.	2012 Engine and Propeller SN 120228	\$75,452.16
National Australia Bank Limited	Loan Schedule and Goods Mortgage	B & B No 2 Pty Ltd	Yes. Specific security interest over the asset and general security interests over STB Group companies including Bill & Ben Investments Pty Ltd and Aircraft Maintenance Centre Pty Ltd.	2007 Toyota Hiace Commuter 158KLW and 2008 Toyota Hiace Commuter VIN JTFSX22P 606037570	\$62,702.41
National Australia Bank Limited	Loan Schedule and Goods Mortgage	B & B No 2 Pty Ltd	Yes. Specific security interest over the asset.	Toyota Hiace Commuter WQL905	\$62,694.43

In addition to the above, Westpac Banking Corporation Limited has entered into a business finance agreement with Mornington Waters Pty Ltd ATF Jaspers Brush Property Trust, with the total facility amount being \$675,000. The company and trust are related parties of Anthony Boucat. Bill and Ben Investments Pty Ltd, B&B No. 2 Pty Ltd and Skydive The Beach and Beyond Airlie Beach Pty Ltd are guarantors in relation to that finance facility.

Further Bill and Ben Investments Pty Ltd is a party to an asset finance agreement with Fuji, Xerox in relation to colour printers, faxes and photocopiers. This agreement is for a total facility amount of \$74,340 and having monthly payments of \$1,239 for a minimum term of 60 months.

12.7 STUART PARK LEASE AGREEMENT

Skydive Holdings Pty Ltd currently holds a monthly hold over lease with Wollongong City Council ("WCC") to operate its skydiving operations at Stuart Park, North Wollongong. Skydive Holdings Pty Ltd has operated at this site for the past 15 years under multiple lease and licence arrangements. The STB Group has outgrown its current facilities and a new skydiving facility has been included in the WCC Blue Mile Plan of Management.

A purpose built skydive building has been conditionally approved at the Independent Hearing and Assessment Panels' (IHAP) meeting on 20 January 2015. This purpose built building will be built close to the existing building on the border of the oval which functions as the drop zone.

WCC has indicated in a letter to Skydive Holdings Pty Ltd dated 13 February 2015 that it is proposing to negotiate a new lease for the site, but subject to the approval of WCC as trustee for the Crown Lands "Stuart Park Trust" and subsequently the approval of the NSW Minister for Trade and Investment as responsible Minister for Crown Lands.

12.8 REAL PROPERTY LEASE AGREEMENTS AND ASSOCIATED PERMITS AND LICENCES

SITE	STB GROUP COMPANY	LEASE DETAILS	ADDRESS	RENT	COMMENTS
Head Office	Skydive the Beach and Beyond Sydney Wollongong Pty Ltd	- Landlord: Perkey Pty Ltd - Lessee: Skydive Holdings Pty Ltd	1/51 Montague Street, North Wollongong	\$7975 per month	- Term: 1/7/14 to 30/6/17 - Market review 1/6/15 and annually thereafter

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SITE	STB GROUP COMPANY	LEASE DETAILS	ADDRESS	RENT	COMMENTS
Wollongong Drop Zone	Skydive the Beach and Beyond Sydney Wollongong Pty Ltd	- Landlord: The Stuart Park Reserve Trust - Lessee: Skydive Holdings Pty Ltd	Stuart Park Cottage site, on the corner of George Hanley Drive and Cliff Road, North Wollongong	\$30,000 p.a payable monthly in advance \$2,500 (plus GST) plus 100% of outgoings Subject to review	- Expired 30 September 2014. - Currently on monthly hold over (refer to section 12.7 for further details)
Albion Park Hangar (Refer to Section 13.4 for further details)	Skydive Holdings Pty Ltd	- Landlord: Illawarra Hangar Pty Ltd as trustee for the Illawarra Hangar Unit Trust - Lessee: Skydive Holdings Pty Ltd	Hangar 5, 32 Airport Road, Albion Park Rail, NSW	\$70,000 p.a. (plus GST) payable monthly. \$5,833.00 plus GST Subject to review	- Lease Agreement – use for Aircraft Maintenance - Term: 1/7/14 to 30/6/17 - Upon mutual agreement, option to extend for a further 36 months
Albion Park Hangar		- Sub-lessor: Skydive Holdings Pty Ltd - Sub-lessee: Aircraft Maintenance Centre Pty Ltd	Hangar 5, 32 Airport Road, Albion Park Rail, NSW	\$6,250 plus GST monthly	- Sub-lease agreement - Term: 1/7/14 to 30/6/17 - If head lease is extended by 36 months, sub-lease is extended by 36 months
Albion Park Hangar (Refer to Section 13.4 for further details)	Skydive Holdings Pty Ltd	- Landlord: Illawarra Hangar Pty Ltd as trustee for the Illawarra Hangar Unit Trust - Lessee: Skydive Holdings Pty Ltd	Hangar 5, 32 Airport Road, Albion Park Rail, NSW	\$25,000 p.a. (plus GST) payable monthly \$2,083.33 (plus GST) Subject to review	- Lease Agreement – use for pilot headquarters, boarding aircraft, etc - Term: 1/7/14 to 30/6/17 - Upon mutual agreement, option to extend for a further 36 months
Albion Park Hangar		- Sub-lessor: Skydive Holdings Pty Ltd - Sub-lessee: Skydive the Beach and Beyond Sydney Wollongong Pty Ltd	Hangar 5, 32 Airport Road, Albion Park Rail, NSW	\$2,083.33 (plus GST) monthly	- Sub-lease Agreement – use for pilot headquarters, boarding aircraft, etc - Term: 1/7/14 to 30/6/17 - If head lease is extended by 36 months, sub-lease is extended by 36 months
Jaspers Brush (Refer to Section 13.4 for further details)	Skydive Holdings Pty Ltd	- Landlord: Mornington Waters Pty Ltd as trustee for the Jaspers Brush Property Trust - Lessee: Skydive Holdings Pty Ltd	Runway and associated facilities at Lot 1, DP813335, Swamp Rd, Jaspers Brush	\$40,000 p.a. when skydiving operations not in place payable monthly \$3,333.33 \$100,000 p.a. when skydiving operations are in place payable monthly \$8,333.33	- Lease Agreement - Term: 1/7/14 to 30/6/17 - Upon mutual agreement, option to extend for a further 36 months
Jaspers Brush		- Sub-lessor: Skydive Holdings Pty Ltd - Sub-lessee: Skydive the Beach and Beyond Sydney Wollongong Pty Ltd	Runway and associated facilities at Lot 1, DP813335, Swamp Rd, Jaspers Brush	\$3,333.33 plus GST monthly	- Sub-lease Agreement - Term: 1/7/14 to 30/6/17 - If head lease is extended for 36 months, sub-lease is extended for 36 months
Central Coast Drop Zone	Skydive the Beach and Beyond Central Coast Pty Ltd	- Licensor: Central Coast Aero Club Limited - Licensee: Skydive the Beach Pty Ltd - Guarantor: Anthony Penn Boucaut	Hangar No. 5, Warnervale Airport	- Fee payable upfront: \$1,250 - Licence Fee: \$8,128 p.a. plus GST	- Licence Agreement - Term: 6/3/2013 to 6/3/2016 - Option to renew for further 3 years

MATERIAL CONTRACTS

SITE	STB GROUP COMPANY	LEASE DETAILS	ADDRESS	RENT	COMMENTS
Hunter Valley (Branxton) Drop Zone	Skydive the Beach and Beyond Hunter Valley Pty Ltd	- Landlord: Newcastle Sports Parachute Club - Lessee: Skydive Holdings Pty Ltd	Elderslie	\$190 per tandem fee - DVD Fee: \$60 per DVD jump - Slot fee: \$22 50% pilot accommodation expense	Letter agreement - Term: 18 months from 1 July 2014 - Skydive Holdings Pty Ltd to provide an aircraft per slot fee and generate tandem jumpers - Newcastle Sports Parachute Club to run the drop zone and engage and pay the tandem masters (with the cost incorporated into the per tandem rate paid by Skydive Holdings Pty Ltd).
St Kilda Drop Zone	Skydive the Beach and Beyond Melbourne Pty Ltd	- Landlord: Moorabbin Airport Corporation Pty Ltd - Sub-Landlord: Jess Smith - Sub-tenant: Skydive Holdings	Building 58, 28 First Avenue, Moorabbin Airport, Mentone	\$10,400 p.a. plus GST payable in equal monthly instalments in advance Plus outgoings Subject to CPI adjustment	- Sub-Lease Agreement - Term: 25/11/13-29/4/2015 - The provisions of the Head Lease apply (Head Lease dated 31/5/2013 between Landlord: Moorabbin Airport Corporation Pty Ltd and Sub-Landlord: Jess Smith). - Term of Head Lease is 1/5/2013-30/4/2015 - Terminates if, amongst others, Head Lease terminates.
St Kilda Drop Zone	Skydive the Beach and Beyond Melbourne Pty Ltd	- Outdoor Commercial Recreation Activity Permit 2014 - Port Philip City Council	Moran Reserve Elwood		Term: 1/1/2014-31/12/2016
St Kilda Drop Zone	Skydive the Beach and Beyond Melbourne Pty Ltd	Tour Operator Licence - Port Philip City Council - Skydive Holdings Pty Ltd	Moran Reserve	\$122,500 annual licence fee payable in monthly instalments of \$10,208.33 Additional Fee: \$2.40 per jump (adult) \$1.60 per jump (child)	Term: 1/1/2014-31/12/2016
Yarra Valley (Lilydale) Drop Zone	Skydive the Beach and Beyond Yarra Valley Pty Ltd	- Landlord: Lilydale Flying School Pty Ltd - Lessee: Skydive Holdings Pty Ltd	Runway and associated facilities at 13 MacIntyre Lane, Lilydale	\$24,000 p.a. (plus GST) payable monthly PLUS \$25.00 per load (plus GST) payable monthly Subject to review	- Lease Agreement – exclusive to utilise land for skydiving and a portable structure if required - Term: 1/7/14 to 30/6/17 - Upon mutual agreement, option to extend for a further 36 months
Yarra Valley (Lilydale) Drop Zone		- Sub-licensor: Skydive Holdings Pty Ltd - Sub-tenant: Skydive the Beach and Beyond Yarra Valley Pty Ltd	Runway and associated facilities at 13 MacIntyre Lane, Lilydale	\$2,000 (plus GST) per month PLUS \$25.00 per load (plus GST) per month	- Sub-lease agreement - Term: 1/7/14-30/6/17 - If head lease is extended for a further 36 months, sub-lease extended for a further 36 months.

MATERIAL CONTRACTS

SITE	STB GROUP COMPANY	LEASE DETAILS	ADDRESS	RENT	COMMENTS
Great Ocean Road (Barwon Heads) Drop Zone	Skydive the Beach and Beyond Great Ocean Road Pty Ltd	- Licensor: Geelong Surfcoast Airpark Pty Ltd - Licensee: Skydive Holdings Pty Ltd	Barwon Heads Airport, 1421 Barwon Heads Road, Connewarre	Year 1 and 2: the first 2000 tandem chutes \$40,000 plus GST All subsequent tandem chutes @ \$10.00 plus GST Year 3: the first 1000 tandem chutes @ \$25.00, second 1000 @ \$20.00 = \$45,000 plus GST	- Licence agreement - Term: 1/12/2012-30/11/2015
York Drop Zone (Refer to Section 13.4 for further details)	Skydive the Beach and Beyond Perth Pty Ltd	- Landlord: IGMAITB Pty Ltd as trustee for the IGMAITB Discretionary Trust - Lessee: Skydive Holdings Pty Ltd	3453 Spencers Brook Road, York	\$200,000 p.a. (plus GST) payable monthly \$16,666.67 plus GST Subject to review	- Lease Agreement - Term: 1/7/14 to 30/6/17 - Upon mutual agreement, option to extend for a further 36 months
York Drop Zone	Skydive the Beach and Beyond Perth Pty Ltd	- Sub-Landlord: Skydive Holdings Pty Ltd - Sub-tenant: Skydive the Beach and Beyond Perth Pty Ltd	3453 Spencers Brook Road, York, WA	\$16, 666.67 per month (plus GST)	Where the Head Lease is extended for a further 36 months, the Sub-Lease Agreement is also extended
Rockingham Drop Zone	Skydive Holdings Pty Ltd	Permit for Skydiving	Areas as marked on permit (Dixon Road Reserve)		Term: Expires 9 January 2016
Perth City Drop Zone	Skydive Holdings Pty Ltd	Obstruction permit	Langley Park		Expires March 2015
Airlie Beach Drop Zone (Refer to Section 13.4 for further details)	Skydive the Beach and Beyond Airlie Beach Pty Ltd	- Landlord: IGMAITB Pty Ltd as trustee for the IGMAITB Discretionary Trust - Lessee: Skydive Holdings Pty Ltd	12 Air Whitsunday Road, Flametree, Qld	\$40,000 p.a. (plus GST) payable monthly \$3,333.33 plus GST Subject to review	- Lease Agreement - Term: 1/7/14 to 30/6/17 - Upon mutual agreement, option to extend for a further 36 months
Airlie Beach Drop Zone		- Sub-lessor: Skydive Holdings Pty Ltd - Sub-lessee: Skydive the Beach and Beyond Airlie Beach Pty Ltd	12 Air Whitsunday Road, Flametree, Qld	\$3333.33 plus GST per month	- Sub-lease agreement - Term: 1/7/14 to 30/6/17 - If head lease is extended by 36 months, sub-lease extends by 36 months
Newcastle (Belmont) Drop Zone (Refer to Section 13.4 for further details)	Skydive the Beach and Beyond Newcastle Pty Ltd	- Landlord: IGMAITB Pty Ltd as trustee for the IGMAITB Discretionary Trust - Lessee: Skydive Holdings Pty Ltd	Belmont Airport	\$60,000 p.a. (plus GST) payable monthly \$5,000 plus GST Subject to review	- Lease Agreement - Term: 1/7/14 to 30/6/17 - Upon mutual agreement, option to extend for a further 36 months
Newcastle (Belmont) Drop Zone		- Sub-lessor: Skydive Holdings Pty Ltd - Sub-lessee: Skydive the Beach and Beyond Newcastle Pty Ltd	Belmont Airport	\$5,000 plus GST monthly	- Sub-lease Agreement - Term: 1/7/14 to 30/6/17 - If head lease is extended by 36 months, sub-lease extends by 36 months

MATERIAL CONTRACTS

12.9 OTHER MATERIAL CONTRACTS

Other contracts considered by the Board to be material are as follows and are summarized in section 13 below:

AGREEMENT DESCRIPTION	PARTNERS	SUMMARY LOCATION
Loan Agreement	Skydive the Beach Group Limited	Section 13.4 (9)
	Boucaut Enterprises Pty Limited atf Boucaut Family Trust	
Executive Employment Contracts	Skydive the Beach Group Limited	Section 13.1
	Each of Anthony Boucaut, Anthony Ritter and Timothy Radford	
Non Executive Director Service Contract	Skydive the Beach Group Limited	Section 13.2
	John Diddams	
Deed of Access and Indemnity	Skydive the Beach Group Limited	Section 13.3
	Each of Bill Beerworth, Nigel Finch, John Diddams, Anthony Boucaut, Anthony Ritter and Timothy Radford	

RELATED PARTY ARRANGEMENTS



RELATED PARTY ARRANGEMENTS

13.1 EXECUTIVE DIRECTORS - EMPLOYMENT CONTRACTS

The Company has entered into the following Executive Employment Contracts:

- (a) **Mr Anthony Boucaut:** The Company has entered into an employment contract with Mr Boucaut under which he will serve as an Executive Director and the Chief Executive Officer.

Mr Boucaut is entitled to employment related benefits including annual leave, long service leave, personal/carer's leave, compassionate leave, parental leave and superannuation in accordance with applicable legislation Pursuant to the employment contract, Mr Boucaut is also entitled to a motor vehicle provided by the Company for the purpose of performing his duties, and payment or reimbursement of all reasonable and strictly business related expenses incurred in performing his duties. In addition, Mr Boucaut is entitled to participate in the Company's annual Short Term Incentive Scheme ("STI"), and may also be entitled to participate in the Company's Long Term Incentive Scheme ("LTI"). Key aspects of the STI and the LTI are summarised below.

In consideration for his service, the Company will pay Mr Boucaut \$250,000 per annum (gross). A description of the key terms of this employment contract is set out below.

- (b) **Mr Anthony Ritter:** The Company has entered into an employment contract with Mr Ritter under which he will serve as an Executive Director and the Chief Financial Officer, reporting to the Chief Executive Officer.

Mr Ritter is entitled to employment related benefits including annual leave, long service leave, personal/carer's leave, compassionate leave, parental leave and superannuation in accordance with applicable legislation. Pursuant to the employment contract, Mr Ritter is also entitled to a motor vehicle provided by the Company for the purpose of performing his duties, and payment or reimbursement of all reasonable and strictly business related expenses incurred in performing his duties. In addition, Mr Ritter is entitled to participate in the Company's annual Short Term Incentive Scheme ("STI"), and may also be entitled to participate in the Company's Long Term Incentive Scheme ("LTI"). The STI and the LTI are summarised below.

In consideration for his service, the Company will pay Mr Ritter \$200,000 per annum (gross). A description of the key terms of this employment contract is set out below.

- (c) **Mr Timothy Radford:** The Company has entered into an employment contract with Mr Radford under which he will serve as an Executive Director and Chief Operating Officer, reporting to the Chief Executive Officer.

Mr Radford is entitled to employment related benefits including annual leave, long service leave, personal/carer's leave, compassionate leave, parental leave and superannuation in accordance with applicable legislation. Pursuant to the employment contract, Mr Radford is also entitled to a motor vehicle provided by the Company for the purpose of performing his duties, and payment or reimbursement of all reasonable and strictly business related expenses incurred in performing his duties. In addition, Mr Radford is entitled to participate in the Company's annual Short Term Incentive Scheme ("STI"), and may also be entitled to participate in the Company's Long Term Incentive Scheme ("LTI"). Key aspects of the STI and the LTI are summarised below.

In consideration for his service, the Company will pay Mr Radford \$200,000 per annum (gross). A description of the key terms of this employment contract is set out below.

Summary of Key Terms of Executive Employment Contracts

Each of the employment contracts referred to above with Mr Boucaut, Mr Ritter and Mr Radford are on similar terms and conditions. A summary of those terms and conditions is below:

- Throughout the term of the contract and following termination, the executive director is subject to a standard duty of confidentiality. The contract specifies that all intellectual property, including intellectual property which is developed or conceived by the executive director pursuant to the executive director's employment, is and will remain the property of the Company.
- Either the Company or the executive director may terminate the contract without cause by giving 3 months' written notice. Additionally, the Company may terminate the contract in various circumstances including but not limited to if the executive director engages in serious misconduct, commits a serious breach of the employment contract, or commits any other act or omission justifying summary dismissal at common law. Following any termination of the contract, the executive director is subject to a restraint on trade for a period of 12 months within Australia.

Summary of Key Aspects of STI

Key aspects of the STI are summarised below. Detailed applicable terms and conditions will be set out in separate documents which may be amended from time to time and which do not form part of the terms of the executive director employment contracts ("STI Documents"):

- The Board may, in its sole discretion, pay to the executive director a Short Term Incentive ("STI") strictly subject to the terms and conditions of the STI as amended and determined by the Board in its sole discretion from time to time and communicated to the executive director.

RELATED PARTY ARRANGEMENTS

- The initial STI period will commence on 1 April 2015 and full details of the scheme will be disclosed upon commencement. The STI payment will be subject to meeting performance criteria set by the Company.
- The Company initially proposes that an incentive of 50% (depending on business and meeting the annual budget as set by the Board) of base salary may be offered subject to achievement of specific KPIs and in accordance with the Company's incentive policy. The STI is based on a calendar year.
- To be eligible for a payment in addition to satisfying all criteria, the executive director must still be employed by the Company, and not under notice of termination at the time that any payment is due and payable.
- If the executive director's employment is terminated for any reason prior to an STI Payment becoming due and payable under the STIP terms and conditions, any entitlement to a payment or part thereof will be automatically forfeited.

Summary of Key Aspects of LTI

Key aspects of the LTI are summarised below. Detailed applicable terms and conditions will be set out in separate documents which may be amended from time to time and which do not form part of the terms of the executive director employment contracts ("LTI Documents").

- LTI may be allocated from the Executive Share Option Plan, subject to Board approval and as amended and determined by the Board in its sole discretion from time to time.

13.2 NON-EXECUTIVE DIRECTOR SERVICE CONTRACT - JOHN DIDDAMS

The Company has entered into a Deed with John Diddams under which Mr Diddams shall provide certain corporate advisory services to the Company. In consideration for those services, the Company has agreed to pay Mr Diddams a milestone success fee of \$25,000 (plus GST) upon completion of the STB Reorganisation, a milestone success fee of \$50,000 (plus GST) on completion of this Prospectus, and reimbursement of all reasonable out of pocket expenses. Pursuant to the terms of the Deed, the Company has also agreed to pay Mr Diddams a fee of \$5,000 (plus GST) per month. This fee shall be payable until the commencement of the period in relation to which Mr Diddams receives the first payment of non-Executive Director fees in the ordinary course to which he will be entitled as a non-Executive Director of the Company and as approved by the Board of the Company from time to time following Listing of the Company on the ASX (refer to section 13). The Deed also provides that Mr Diddams will be offered 1,500,000 Options under the STB Share Option Plan at an exercise price of \$0.25 per Option. For further details of the issue of these Options to Mr Diddams, refer to section 12.5 and section 14.

13.3 DEEDS OF INDEMNITY AND ACCESS

The Company has entered into Deeds of Access and Indemnity ("Deeds") with each Director. Under those Deeds, the Company has agreed to indemnify each Director to the extent permissible by the Corporations Act against any loss or liability incurred by the Director as a result of that Director acting in the capacity as a Director or officer of the Company and/or any corporation in relation to which the Company requests the Director to serve as a director or officer ("Company Affiliate"), or as a result of facts or circumstances relating to the Director's service as a director or officer of the Company and/or Company Affiliate. The liability includes but is not limited to liability for negligence and for legal costs. The indemnity is subject to restrictions prescribed in the Corporations Act. Each Deed also gives each Director a right of access to Board papers and requires the Company to maintain directors' and officers' insurance cover for the Directors.

RELATED PARTY ARRANGEMENTS

13.4 OTHER RELATED PARTY ARRANGEMENTS – ANTHONY BOUCAUT

The Company and/or Subsidiaries of the Company have entered into the following agreements with entities controlled by Mr Anthony Boucaut, an Executive Director of the Company:

AGREEMENT	PARTIES	VALUE
Business Finance Agreement	Westpac Banking Corporation Mornington Waters Pty Ltd as trustee for Jaspers Brush Property Trust, company and trust associated with Anthony Boucaut. Bill and Ben Investments Pty Ltd, B&B No. 2 Pty Ltd and Skydive The Beach and Beyond Airlie Beach Pty Ltd are guarantors in relation to that finance facility.	Facility amount: \$675,000
Executive Employment Contract	- Skydive the Beach Group Limited - Anthony Boucaut	Remuneration: \$250,000
Lease agreement - 3453 Spencers Brook Road, York	- Landlord: IGMAITB Pty Ltd as trustee for the IGMAITB Discretionary Trust - Lessee: Skydive Holdings Pty Ltd	\$200,000 p.a. (plus GST) payable monthly plus GST Subject to review
Lease agreement - Runway and associated facilities at Lot 1, DP813335, Swamp Rd, Jaspers Brush	- Landlord: Mornington Waters Pty Ltd as trustee for the Jaspers Brush Property Trust - Lessee: Skydive Holdings Pty Ltd	\$100,000 p.a. when skydiving operations are in place payable monthly \$8,333. \$40,000 p.a. when skydiving operations not in place payable monthly \$3,333 plus GST.
Lease Agreement - Hangar 5, 32 Airport Road, Albion Park Rail, NSW	- Landlord: Illawarra Hangar Pty Ltd as trustee for the Illawarra Hangar Unit Trust - Lessee: Skydive Holdings Pty Ltd	\$70,000 p.a. (plus GST) payable monthly \$5,833 plus GST Subject to review
Lease agreement - Belmont Airport	- Landlord: IGMAITB Pty Ltd as trustee for the IGMAITB Discretionary Trust - Lessee: Skydive Holdings Pty Ltd	\$60,000 p.a. (plus GST) payable monthly \$5,000 plus GST Subject to review
Lease agreement - 12 Air Whitsunday Road, Flametree, Qld	- Landlord: IGMAITB Pty Ltd as trustee for the IGMAITB Discretionary Trust - Lessee: Skydive Holdings Pty Ltd	\$40,000 p.a. (plus GST) payable monthly \$3,333 plus GST
Lease agreement - Hangar 5, 32 Airport Road, Albion Park Rail, NSW - Lease Agreement - use for pilot headquarters, boarding aircraft, etc	- Landlord: Illawarra Hangar Pty Ltd as trustee for the Illawarra Hangar Unit Trust - Lessee: Skydive Holdings Pty Ltd	\$25,000 p.a. (plus GST) payable monthly \$2,083.33 (plus GST) Subject to review
Loan agreement	- Skydive the Beach Group Limited (as Lender) - Boucaut Enterprises Pty Limited as trustee for Boucaut Family Trust, company and trust associated with Anthony Boucaut	Maximum loan amount: \$1,200,000.00

A summary of the key terms of the contracts entered into by the Company and/or Subsidiaries of the Company with entities controlled by Mr Anthony Boucaut referred to above follows:

1. **Business Finance Agreement – Westpac Banking Corporation**
In or about June 2014 Westpac Banking Corporation provided Mornington Waters Pty Ltd as trustee for Jaspers Brush Property Trust, an entity associated with Mr Anthony Boucaut, with a finance facility of up to \$675,000. Various companies, including the following Skydive the Beach Group

RELATED PARTY ARRANGEMENTS

- companies, have provided guarantees and fixed and floating charges as security for this facility:
- General Security Agreement by B&B No. 2 Pty Ltd over all existing and future assets and undertakings;
 - Fixed and Floating Charge by Bill & Ben Investments Pty Ltd over all existing and future assets and undertakings.
2. **Executive Employment Contract** – refer to section 13.1(a) above.
 3. **Lease Agreement – York drop zone**
Skydive Holdings Pty Ltd ACN 140 817 063 (“**Lessee**”), a fully owned Subsidiary of the Company, has entered into a Lease Agreement with IGMAITB Pty Ltd ACN 159 790 253 as trustee for the IGMAITB Discretionary Trust (“**Lessor**”), an entity associated with Mr Anthony Boucaut, an Executive Director of the Company, on terms and conditions including:
 - The Lessor has agreed to lease to the Lessee the “land” as defined in the Lease Agreement, including amongst other things a hangar adjacent to an airfield runway and associated facilities located at York, Western Australia with full liberty for the Lessee to utilise the land for its skydiving, aircraft maintenance, rigging, pilot headquarters and storage purposes (“**York Lease Purposes**”);
 - Except for use of the land by the Lessor as the Lessor thinks fit, the lease is an exclusive lease to the Lessee for a term expiring on 30 June 2017, with an option upon mutual agreement of the parties to extend for a further 36 months;
 - The rental of \$200,000 per annum plus GST is payable in monthly instalments in arrears, and is subject to annual CPI Index on the 12 month anniversary and rent review on the third anniversary of the Lease Agreement;
 - The Lease Agreement can be terminated for breach by the Lessee of the Lease Agreement where the breach is not rectified in 14 days after notice, upon the winding up of the Lessee, or if the Lessor is required by law to cease making the land available for use for the York Lease Purposes;
 - In the event of termination, the Lessee is required to pay the balance of the rental and any other monies owing under the Lease Agreement that would have been payable up until 30 June 2017, or the expiry date of any extended term;
 - The Lessee indemnifies the Lessor against all damage and injury of any description which may occur on the land to any person coming on to the land or landing on the land or to the property of any such person arising directly or indirectly through the carrying on and operation of the skydiving business; and
 - The Lessor indemnifies the Lessee against any damage and injury of any description which may occur to equipment owned by the Lessee or to any person coming onto the land arising from any wrongful doing or negligence of the Lessor.
 4. **Lease Agreement – Jaspers Brush**
Skydive Holdings Pty Ltd ACN 140 817 063 (“**Lessee**”), a fully owned Subsidiary of the Company, has entered into a Lease Agreement with Mornington Waters Pty Ltd ACN 084 193 644 as trustee for Jaspers Brush Property Trust (“**Lessor**”), an entity associated with Mr Anthony Boucaut, an Executive Director of the Company on terms and conditions including:
 - The Lessor has agreed to lease to the Lessee the “land” as defined in the Lease Agreement, including amongst other things an airfield with runway and associated facilities located at Jaspers Brush, New South Wales with full liberty for the Lessee to utilise the land for its skydiving purposes, allow parachute drops to occur exclusively onto the drop zone, and to place a portable structure on the land if required (subject to any necessary regulatory approvals) (“**Jaspers Brush Lease Purposes**”);
 - Except for use of the land by the Lessor as the Lessor thinks fit, the lease is an exclusive lease to the Lessee for a term expiring on 30 June 2017, with an option upon mutual agreement of the parties to extend for a further 36 months;
 - Where skydiving operations are not in place, the rental is \$40,000 per annum plus GST, payable in monthly instalments in arrears, subject to annual CPI Index on the 12 month anniversary and rent review on the third anniversary of the Lease Agreement
 - Where skydiving operations are in place, the rental of \$100,000 per annum plus GST is payable in monthly instalments in arrears, and is subject to annual CPI Index on the 12 month anniversary and rent review on the third anniversary of the Lease Agreement;
 - The Lease Agreement can be terminated for breach by the Lessee of the Lease Agreement where the breach is not rectified in 14 days after notice, upon the winding up of the Lessee, or if the Lessor is required by law to cease making the land available for use for the Jaspers Brush Lease Purposes;
 - In the event of termination, the Lessee is required to pay the balance of the rental and any other monies owing under the Lease Agreement that would have been payable up until 30 June 2017, or the expiry date of any extended term;
 - The Lessee indemnifies the Lessor against all damage and injury of any description which may occur on the land to any person coming on to the land or landing on the land or to the property of any such person arising directly or indirectly through the carrying on and operation of the skydiving business; and
 - The Lessor indemnifies the Lessee against any damage and injury of any description which may occur to equipment owned by the Lessee or to any person coming onto the land arising from any wrongful doing or negligence of the Lessor.
 5. **Lease Agreement – Albion Park Rail – Runway**
Skydive Holdings Pty Ltd ACN 140 817 063 (“**Lessee**”), a fully owned Subsidiary of the Company, has entered into a Lease Agreement with Illawarra Hangar Pty Ltd ACN 140 519 348 as trustee for Illawarra Hangar Unit Trust

RELATED PARTY ARRANGEMENTS

(“**Lessor**”), an entity associated with Mr Anthony Boucalt, an Executive Director of the Company, on terms and conditions including:

- The Lessor has agreed to lease to the Lessee the “land” as defined in the Lease Agreement, including amongst other things a hangar adjacent to an airfield runway and associated facilities located at Albion Park Rail, New South Wales with full liberty for the Lessee to utilise the land for its skydiving, aircraft maintenance, rigging, pilot headquarters and storage purposes (“**Albion Lease Purposes**”);
- Except for use of the land by the Lessor as the Lessor thinks fit, the lease is an exclusive lease to the Lessee for a term expiring on 30 June 2017, with an option upon mutual agreement of the parties to extend for a further 36 months;
- The rental of \$70,000 per annum plus GST is payable in monthly instalments in arrears, and is subject to annual CPI Index on the 12 month anniversary and rent review on the third anniversary of the Lease Agreement;
- The Lease Agreement can be terminated for breach by the Lessee of the Lease Agreement where the breach is not rectified in 14 days after notice, upon the winding up of the Lessee, or if the Lessor is required by law to cease making the land available for use for the Albion Lease Purposes;
- In the event of termination, the Lessee is required to pay the balance of the rental and any other monies owing under the Lease Agreement that would have been payable up until 30 June 2017, or the expiry date of any extended term;
- The Lessee indemnifies the Lessor against all damage and injury of any description which may occur on the land to any person coming on to the land or landing on the land or to the property of any such person arising directly or indirectly through the carrying on and operation of the skydiving business; and
- The Lessor indemnifies the Lessee against any damage and injury of any description which may occur to equipment owned by the Lessee or to any person coming onto the land arising from any wrongful doing or negligence of the Lessor.

6. Lease Agreement – Albion Park – pilot headquarters

Skydive Holdings Pty Ltd ACN 140 817 063 (“**Lessee**”), a fully owned Subsidiary of the Company, has entered into a Lease Agreement with Illawarra Hangar Pty Ltd ACN 140 519 348 as trustee for Illawarra Hangar Unit Trust (“**Lessor**”), an entity associated with Mr Anthony Boucalt, an Executive Director of the Company, on terms and conditions including:

- The Lessor has agreed to lease to the Lessee the “land” as defined in the Lease Agreement, including amongst other things a hangar adjacent to an airfield runway and associated facilities located at Albion Park Rail, New South Wales with full liberty for the Lessee to utilise the land for its **pilot headquarters and aircraft boarding** purposes (“**Albion Lease Purposes**”);
- Except for use of the land by the Lessor as the Lessor thinks fit, the lease is an exclusive lease to the Lessee for a term expiring on 30 June

2017, with an option upon mutual agreement of the parties to extend for a further 36 months;

- The rental of \$25,000 per annum plus GST is payable in monthly instalments in arrears, and is subject to annual CPI Index on the 12 month anniversary and rent review on the third anniversary of the Lease Agreement;
- The Lease Agreement can be terminated for breach by the Lessee of the Lease Agreement where the breach is not rectified in 14 days after notice, upon the winding up of the Lessee, or if the Lessor is required by law to cease making the land available for use for the Albion Lease Purposes;
- In the event of termination, the Lessee is required to pay the balance of the rental and any other monies owing under the Lease Agreement that would have been payable up until 30 June 2017, or the expiry date of any extended term;
- The Lessee indemnifies the Lessor against all damage and injury of any description which may occur on the land to any person coming on to the land or landing on the land or to the property of any such person arising directly or indirectly through the carrying on and operation of the skydiving business; and
- The Lessor indemnifies the Lessee against any damage and injury of any description which may occur to equipment owned by the Lessee or to any person coming onto the land arising from any wrongful doing or negligence of the Lessor.

7. Lease Agreement – Airlie Beach

Skydive Holdings Pty Ltd ACN 140 817 063 (“**Lessee**”), a fully owned Subsidiary of the Company, has entered into a Lease Agreement with IGMAITB Pty Ltd ACN 159 790 253 as trustee for IGMAITB Discretionary Trust (“**Lessor**”), an entity associated with Mr Anthony Boucalt, an Executive Director of the Company, on terms and conditions including:

- The Lessor has agreed to lease to the Lessee the “land” as defined in the Lease Agreement, including amongst other things an airfield with runway and associated facilities located at Flametree, Queensland (Airlie Beach) with full liberty for the Lessee to utilise the land for its skydiving operations and to place a portable structure on the land if required (subject to any necessary regulatory approvals) (“**Flametree Lease Purposes**”);
- Except for use of the land by the Lessor as the Lessor thinks fit, the lease is an exclusive lease to the Lessee for a term expiring on 30 June 2017, with an option upon mutual agreement of the parties to extend for a further 36 months;
- The rental of \$40,000 per annum plus GST is payable in monthly instalments in arrears, and is subject to annual CPI Index on the 12 month anniversary and rent review on the third anniversary of the Lease Agreement;
- The Lease Agreement can be terminated for breach by the Lessee of the Lease Agreement where the breach is not rectified in 14 days after notice, upon the winding up of the Lessee, or if the Lessor is required by law to cease making the land available for use for the Flametree Lease Purposes;

RELATED PARTY ARRANGEMENTS

- In the event of termination, the Lessee is required to pay the balance of the rental and any other monies owing under the Lease Agreement that would have been payable up until 30 June 2017, or the expiry date of any extended term;
 - The Lessee indemnifies the Lessor against all damage and injury of any description which may occur on the land to any person coming on to the land or landing on the land or to the property of any such person arising directly or indirectly through the carrying on and operation of the skydiving business; and
 - The Lessor indemnifies the Lessee against any damage and injury of any description which may occur to equipment owned by the Lessee or to any person coming onto the land arising from any wrongful doing or negligence of the Lessor.
8. **Lease Agreement – Belmont**
Skydive Holdings Pty Ltd ACN 140 817 063 (“**Lessee**”), a fully owned Subsidiary of the Company, has entered into a Lease Agreement with IGMAITB Pty Ltd ACN 159790253 as trustee for IGMAITB Discretionary Trust (“**Lessor**”), an entity associated with Mr Anthony Boucaut, an Executive Director of the Company, on terms and conditions including:
- The Lessor has agreed to lease to the Lessee the “land” as defined in the Lease Agreement, including amongst other things an airfield with runway and associated facilities located at Belmont NSW with full liberty for the Lessee to utilise the land for its skydiving operations and to place a portable structure on the land if required (subject to any necessary regulatory approvals) (“**Belmont Lease Purposes**”);
 - Except for use of the land by the Lessor as the Lessor thinks fit, the lease is an exclusive lease to the Lessee for a term expiring on 30 June 2017, with an option upon mutual agreement of the parties to extend for a further 36 months;
 - The rental of \$60,000 per annum plus GST is payable in monthly instalments in arrears, and is subject to annual CPI Index on the 12 month anniversary and rent review on the third anniversary of the Lease Agreement;
 - The Lease Agreement can be terminated for breach by the Lessee of the Lease Agreement where the breach is not rectified in 14 days after notice, upon the winding up of the Lessee, or if the Lessor is required by law to cease making the land available for use for the Belmont Lease Purposes;
 - In the event of termination, the Lessee is required to pay the balance of the rental and any other monies owing under the Lease Agreement that would have been payable up until 30 June 2017, or the expiry date of any extended term;
 - The Lessee indemnifies the Lessor against all damage and injury of any description which may occur on the land to any person coming on to the land or landing on the land or to the property of any such person arising directly or indirectly through the carrying on and operation of the skydiving business; and
 - The Lessor indemnifies the Lessee against any damage and injury of any description which may occur to equipment owned by the Lessee or to any person coming onto the land arising from any wrongful doing or negligence of the Lessor.
9. **Loan Agreement**
On or about 17 February 2014, the Company (as lender) entered into a Loan Agreement with Boucaut Enterprises Pty Limited ACN 091 114 073 as trustee for Boucaut Family Trust, an entity associated with Anthony Boucaut, an Executive Director of the Company, on terms and conditions including the following:
- The purpose of the loan, among other things, was to document finance provided for the purchase of airfields at York, Belmont and Airlie Beach, being airfields the use of which have been made available to the STB Group by way of lease or licence (refer to Section 12.8 and Section 13.4, paragraph 3, 7 and 8, for further details);
 - The amount drawn down as at the date of the loan must not exceed \$1,200,000.00, and no further drawdowns may be made;
 - Interest is payable at 2% per annum over the Reserve Bank of Australia cash rate from time to time and may be capitalised;
 - A minimum repayment of \$200,000.00 per annum is payable, with the first payment due on or before 28 February 2016;
 - Prepayment is permitted;
 - Immediate repayment in full will be required under certain circumstances, including where Anthony Boucaut ceases to control or have any connection with Boucaut Enterprises Pty Limited ACN 091 114 073.

ADDITIONAL INFORMATION



ADDITIONAL INFORMATION

14.1 REGISTRATION

The Company was incorporated on 19 December 2013. All Shares issued in the Company to date are fully paid ordinary Shares in the capital of the Company.

Shares to be issued pursuant to this Prospectus will be fully paid ordinary shares in the capital of the Company and will rank equally with all other issued Shares.

14.2 CURRENT CAPITAL STRUCTURE

The issued capital of the Company as at the date of this Prospectus is set out in the figure below:

Capital Structure

CLASS OF SECURITY	NUMBER
Ordinary Shares	193,369,700
Options	10,300,000

14.3 CAPITAL STRUCTURE FOLLOWING THE OFFER

14.3.1 Capital Structure Post-Offer Completion

As at the Allotment Date, the issued share capital of the Company will comprise the following:

Capital structure post-Offer Completion*

CLASS OF SECURITY	NUMBER OF SECURITIES BASED ON MINIMUM SUBSCRIPTION	NUMBER OF SECURITIES BASED ON MAXIMUM SUBSCRIPTION	NUMBER OF SECURITIES BASED ON FULL AMOUNT OF OVERSUBSCRIPTIONS
Ordinary Shares	233,369,700	273,369,700	293,269,700
Options	10,300,000	10,300,000	10,300,000

14.3.2 Rights and Liabilities attaching to Shares

The rights attaching to Shares are detailed in the Company's Constitution which may be inspected during normal business hours at the Company's registered office. The following is a summary of the material provisions of the Constitution and the privileges and restrictions attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

- Voting**
 Subject to any restriction on voting imposed by the Constitution, the Corporations Act and the Listing Rules, every Shareholder present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a show of hands and, on a poll, one vote for every Share held. A poll may be demanded by the chairperson of the meeting, any five Shareholders present (or their proxy, attorney or representative) entitled to vote on the resolution or a Shareholder or Shareholders present who together hold at least 5% of the votes that may be cast on the resolution on a poll.
- General Meetings**
 Each Shareholder is entitled to receive the amount of notice required by the Corporations Act for general meetings of the Company.
- Dividends**
 Dividends are payable out of the Company's profits and may be declared by the Directors without confirmation at a general meeting.
- Transfer of Shares**
 A Shareholder may transfer Shares by a proper transfer effected in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in Shares or by an instrument in writing in any usual form or any other form approved by the Directors. The Directors may refuse to register a transfer of Shares where the refusal to register the transfer is permitted under the ASX Listing Rules.
- Issue of Shares**
 The Directors may under the Corporations Act, the ASX Listing Rules and the Constitution, issue or allot further Shares or any other form of security in the Company, or grant options over unissued Shares in the Company to any person on the terms and at the times the Directors deem fit. Any further Shares issued by Directors may have preferred, deferred or other special rights or special restrictions in relation to dividends, voting, return of capital or otherwise as the Directors deem fit.
- Proportional takeover provisions**
 The Constitution contains provisions for Shareholder approval in relation to any proportional takeover bid. The provision will automatically cease to have effect on the date which is three years after the date of adoption of the Constitution.

ADDITIONAL INFORMATION

• **Winding Up**

Subject to any special or preferential rights attaching to any class or classes of Shares, on a winding up of the Company a liquidator may, with the authority of a special resolution of the Shareholders, divide among the Shareholders the whole or any part of the Company's assets and, for that purpose, determine how he or she will carry out the division between the different classes of Shareholders, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability. The liquidator may with, the sanction of a special resolution of the Shareholders, vest the whole or any part of the assets in trust for the benefit of contributories as the liquidator thinks fit.

• **Shareholder Liability**

Fully paid Shares are not subject to any call for money by the Directors and will therefore not become liable for forfeiture. However, partly paid Shares are subject to calls on the holders by Directors for any money unpaid on them. Subject to the ASX Listing Rules, the Company has a lien on every partly paid Share and dividends payable in respect of such Shares. Partly paid Shares may be forfeited for failure to pay the unpaid amount.

• **Alteration to the Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of the Shareholders present and voting at a general meeting. The Company must give at least 28 days written notice of its intention to propose the resolution as a special resolution.

• **ASX Listing Rules**

On admission to the Official List, notwithstanding anything in the Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done. If the ASX Listing Rules require an act to be done or not to be done, and if a provision is required in the Constitution by the ASX Listing Rules the Constitution will be treated as containing that provision. If any provision of the Constitution becomes inconsistent with the ASX Listing Rules, the Constitution will be treated as not containing that provision to the extent of the inconsistency.

• **Directors**

The number of Directors of the Company is to be not less than three but no more than ten. Subject to the Corporations Act, the Company may by resolution passed at general meeting increase the minimum number of Directors or increase or decrease the maximum number of Directors.

The Directors are entitled to be remunerated for their services as Directors and the total amount or value of the remuneration must not exceed, for non-executive Directors, an aggregate maximum of \$500,000 per annum or such other amount determined by the Company at general meeting from time to time. This amount does not include the remuneration payable to any Executive Director.

The remuneration of Executive Directors will be fixed by the directors and may be paid by way of salary, commission or participation in profits by all or any of these modes but may

not be by commission on, or percentage of, operating revenue.

The Company may remunerate a Director in addition to the above amount (as determined by the Directors) if the Director performs additional or special duties for the Company at the request of the Directors. A Director is not required to hold any Share in the Company.

The quorum for a meeting of Directors is three Directors.

At every annual general meeting one third of the Directors must retire from office. A director must retire from office at the conclusion of the third annual general meeting after which the Director was elected or re-elected.

The Directors may appoint one or more of the Board to be the Managing Director for such period and on such terms as they see fit.

• **Directors' Indemnity**

To the extent permitted by law, each Director and officer of the Company is entitled to be indemnified out of the Company's property for any liability incurred by the person in that capacity and reasonable legal costs incurred in connection with proceedings in which the person becomes involved because of that capacity.

14.3.3 Rights Attaching to Options

On 30 January 2015, (and 2 February 2015 in the case of Dr. Nigel Finch), the Company issued a total of 10,300,000 Options to Directors pursuant to the STB Share Option Plan.

Options held by Directors

DIRECTOR	NO. OF OPTIONS
William Beerworth	500,000
John Diddams	1,500,000
Anthony Boucaut	3,000,000
Timothy Radford	2,500,000
Anthony Ritter	2,500,000
Dr. Nigel Finch	300,000

The Options issued to Directors have been issued pursuant to the terms and conditions of the STB Share Option Plan (refer to section 12). Additional terms of the Options issued to Directors are summarised below:

- The total number of Options issued to each executive Director may be exercised in tranches with the number of Options that may be exercised being equivalent to one-third of the total number of Options issued on 30 January 2015 to each Director, with the First Exercise Date of each Tranche being as follows:
 - Tranche 1 exercise date: 9 February, 2016;
 - Tranche 2 exercise date: 9 February; and
 - Tranche 3 exercise date: 9 February, 2018.

ADDITIONAL INFORMATION

- The total number of Options issued to each non-executive Director may be exercised on the First Exercise Date being 8 February, 2016.
- The last exercise date for Options issued to non-executive Directors is 8 February 2025 and 9 February 2025 for Executive Directors.
- Each Option was issued for nil consideration. However, Directors who are Australian-based tax residents may elect to purchase the Options for an Option Purchase Price of \$0.00001 each Option.
- The exercise price is \$0.25 per Option.
- Vesting is conditional upon the Executive Director's continuous employment or service with the Skydive the Beach Group until the relevant First Exercise Date for each Tranche. One-third of the Options issued to each executive Director on 9 February 2016 will vest on each anniversary of that date, subject to meeting the performance vesting conditions.
- There are no vesting conditions on the Options issued to non-executive Directors.
- Vesting for Options issued to non-executive Directors is conditional upon the Listing occurring on or before 29 January 2016, and for the executive Director Options vesting is conditional upon the Listing occurring on or before 9 February 2016, and satisfactory Board assessment of performance as part of the annual Board performance review, and confirmation by the Board that the vesting conditions have been met.
- In the event of resignation of an executive Director, other than for cause, all invested Options may vest, subject to Board discretion.
- In the event of a takeover bid, Options granted to the Executive Directors will vest automatically, if the vesting conditions applicable to those Options have been satisfied on a pro rata basis over the period from the Grant Date to the date of the takeover bid.
- The Option holder is not entitled to vote at any meeting of Shareholders or to dividends declared by the Company as a result of holding Options.
- Shares issued on exercise will rank equally with all other ordinary Shares in the Company from the date of issue, including voting rights and rights to receive dividends.
- Options cannot be transferred, without prior approval of the Board.
- Shares issued or transferred on exercise of the Options cannot be sold within 12 months of their issue or transfer, except where the sale is to a person to whom a prospectus is not required to be issued under the Corporations Act.
- The executive director Options are subject to forfeiture in certain circumstances including if the Board determines an executive Director has committed fraud, an act of gross misconduct, or is ineligible under the Corporations Act to hold office as a Director.
- The Options are subject to forfeiture if the Company does not undertake an IPO on or before 30 January 2016.

14.4 COSTS OF THE OFFER

The total costs of the Offer (excluding GST) are estimated to be \$1,325,000 under the Minimum Subscription, \$1,835,000 under the Maximum Subscription, and \$2,089,600 if the full amount of oversubscriptions is received and accepted, and are expected to be applied towards the items set out in the table below:

Costs of the Offer, excluding GST

ITEM OF EXPENDITURE	MINIMUM SUBSCRIPTION (\$10,000,000) \$	MAXIMUM SUBSCRIPTION (\$20,000,000) \$	MAXIMUM OVESUBSCRIPTIONS (\$25,000,000) \$
ASX Listing fees	61,500	71,200	76,100
Investigating Accountant's Report	100,000	100,000	100,000
Other Accounting and Audit	105,000	105,000	105,000
Legal	301,300	301,300	301,300
Other Advisors	130,000	130,000	130,000
Management & Broker fees	500,000	1,000,000	1,250,000
Other Costs and contingencies	127,200	127,200	127,200
TOTAL	1,325,000	1,835,000	2,089,600

ADDITIONAL INFORMATION

14.5 INTERESTS OF ADVISORS

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within the two years before lodgement of this Prospectus with ASIC, any interest in:

- The formation or promotion of the Company;
- Property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- The Offer.

No amount has been paid, or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of the Company or the Offer.

Bird & Bird has acted as solicitors to the Company in relation to the Offer and the Company has agreed to pay approximately \$301,300 (exclusive of GST and disbursements) for these services up to the date of this Prospectus. Subsequently, fees will be paid in accordance with normal hourly charge out rates.

RSM Bird Cameron Corporate Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountants Report containing the Independent Limited Assurance Report contained in this Prospectus. The Company estimates that it will pay RSM Bird Cameron Corporate Pty Ltd approximately \$100,000 (excluding GST and disbursements) for the provision of these services. Subsequent fees will be charged in accordance with normal charge out rates.

RSM Bird Cameron Partners has provided audit services to the Company with respect to the year ended 30 June 2014 and review services with respect to the six months ended 31 December 2014. The Company has paid, or agreed to pay, approximately \$105,000 (excluding GST and disbursements) for these services.

Veritas Securities Limited has acted as the Lead Manager in relation to the Offer. Details of the fee payable to Veritas are summarised in section 12.

Boardroom Pty Limited has been appointed as the Share Registry to the Company and will be paid for these services on normal commercial terms.

John Diddams has provided corporate advisory services to the Company in relation to the preparation of this Prospectus and the IPO. Details of the fee payable to Mr Diddams are summarised in section 13.2.

14.6 CONSENTS

Each of the parties who are named below:

- has not made any statement that is included in this Prospectus, or any statement on which a statement is made in this Prospectus is based, other than as specified in this section;
- has not authorised or caused the issue of any part of this Prospectus; and

- makes no representations or warranty, express or implied, as to the fairness, accuracy or completeness of information contained in this Prospectus,

and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements made in, or omissions from, this Prospectus, other than as specified in this section, and excludes and disclaims all liability for any damage, loss (including direct, indirect or consequential loss), cost or expense that may be incurred by an investor as a result of this Prospectus being inaccurate or incomplete in any way or for any reason:

- Bird & Bird has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Australian legal advisor to the Company in relation to the Offer in the form and context in which it is named;
- RSM Bird Cameron Corporate Pty Ltd has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Investigating Accountant to the Company and its written consent to the inclusion in this Prospectus of its Investigating Accountant's Report containing its Independent Limited Assurance Report and to all statements referring to that report, in the form and context in which it is named;
- RSM Bird Cameron Partners has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the auditor and provider of limited review services to the Company, in the form and context in which it is named;
- Veritas Securities Limited has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Lead Manager to the Offer, in the form and context in which it is named;
- Boardroom Pty Limited has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Share Registry to the Company, in the form and context in which it is named;
- Australia Skydive Pty Ltd ABN 14 134 382 004 has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus in the form and context in which it is named; and
- Australian Parachute Federation Incorporated has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus in the form and context in which it is named.

14.7 LITIGATION AND CLAIMS

To the knowledge of the Directors, there is no material current, pending or threatened litigation with which the Company is directly or indirectly involved other than claims which may be made against members of the STB Group arising from its activities conducted in the ordinary course of business which may give rise to a claim against

ADDITIONAL INFORMATION

the insurance policy maintained by the APF, and in relation to which STB Group members are named, as insured parties.

14.8 INVESTOR CONSIDERATIONS

Before deciding to participate in this Offer, you should consider whether the Shares to be issued are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of Shares listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser.

The potential tax effects relating to the Offer will vary between Investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

14.9 WORKING CAPITAL STATEMENT

The Directors believe that, on completion of the Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.

14.10 GOVERNING LAW

This Prospectus, the Offer and the contracts formed on acceptance of Applications under the Offer are governed by the laws in force in the State of New South Wales, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

14.11 FOREIGN SELLING RESTRICTIONS

No action has been taken to register or qualify the Shares that are the subject of the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia. The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

14.11.1 United States of America

This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this Prospectus have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

14.11.2 Other Jurisdictions

The Offer Shares may not be offered or sold in any other jurisdiction except to persons to whom such offer or sale is permitted under applicable law.

14.12 ELECTRONIC PROSPECTUS

Under Class Order 00/44 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus on the basis of a paper prospectus lodged with ASIC and the publication of notices referring to an electronic Prospectus,

subject to compliance with certain provisions.

14.13 STATEMENT OF DIRECTORS

Each Director has authorised the issue of this Prospectus and consented, and has not withdrawn their consent, to the lodgement of this Prospectus with ASIC.

The Directors state that:

- (a) they have made all reasonable enquiries and, on that basis, have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive; and
- (b) in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and, on that basis, have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and those persons have not withdrawn their consent before lodgement of this Prospectus with the ASIC, or to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus.

Dated: 5 March 2015



Signed for and on behalf of

SKYDIVE THE BEACH GROUP LIMITED

by

John F Diddams, Director

GLOSSARY



GLOSSARY

The following terms used in this Prospectus have the following meanings unless the context otherwise requires.

TERM	DEFINITION
AEDT	Australian Eastern Daylight Time
Aggregated Historical Group	Skydive the Beach Group Limited Skydive the Beach Hybrid Trust Bill & Ben Investments Pty Limited Aircraft Maintenance Centre Pty Limited Skydive Holdings Pty Limited Skydive the Beach Melbourne Discretionary Trust Skydive the Beach Central Coast Discretionary Trust Skydive the Hunter Valley Pty Limited Skydive Perth Discretionary Trust Melbourne Skydive Centre Discretionary Trust B & B No. 2 Pty Limited Skydive the Beach Great Ocean Road Discretionary Trust Skydive the Beach Arlie Beach Pty Limited
Allotment Date	The date the Company anticipates the Shares will be allotted and issued to Applicants
APF	Australian Parachute Federation Incorporated
Applicant	An applicant for Shares under this Prospectus
Application	An application to subscribe for Shares under this Prospectus
Application Amount or Application Monies	The relevant amount accompanying an Application Form submitted by an Applicant
Application Form	The General Offer Application Form or Broker Firm Application Form (as applicable), each in the form attached to this Prospectus
ASIC	Australian Securities and Investments Commission
ASX Listing Rules or Listing Rules	The official listing rules of ASX as amended or waived from time to time
ASX or Australian Securities Exchange	ASX Limited (ACN 008 624 691) or the financial market it operates, as the context requires
ASX Settlement	ASX Settlement Pty Limited ABN 49 008 504 532
ASX Settlement Operating Rules	The operating rules of ASX Settlement as amended from time to time, except to the extent of any express written waiver by ASX Settlement
AUD\$/A\$	Australian dollars
Australia Skydive	Australia Skydive Pty Ltd ABN 14 134 382 004
Board or Board of Directors	The board of directors of the Company
Broker	Any ASX participating organisation selected by the Lead Manager in consultation with the Company to act as a broker of the Offer
Broker Firm Application Form	An application form attached to or accompanying this Prospectus to be used by Applicants who are participating in the Broker Firm Offer
Broker Firm Offer	The broker firm offer described in Section 11.7
CASA	Civil Aviation Safety Authority
Closing Date	5.00pm AEDT on 18 th March 2015
Company	Skydive the Beach Group Limited ABN 56 167 320 470

GLOSSARY

TERM	DEFINITION
Completion of the Offer	The completion of the Offer, being the date upon which Shares are issued or transferred to successful Applicants in accordance with the terms of the Offer
Constitution	The constitution of the Company
Corporations Act	Corporations Act 2001 (Cth) as amended from time to time
Directors	The directors of the Company
Drop zone	A place where skydivers land
Existing Shares	The Shares held by existing shareholders as at the Prospectus Date
Existing Shareholders	The existing shareholders in the Company as at the date of the Prospectus as shown in Section 11
General Offer	The offer of Shares to investors who are not participating in the Broker Firm Offer
General Offer Application Form	An application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility) to be used by the Applicants who are participating in the General Offer.
IFRS	The International Financial Reporting Standards
Institutional investor	An investor to whom offers of Shares can be made without the need for a lodged prospectus, including in Australia persons to whom offers or invitations in respect of Shares can be made without the need for a lodged prospectus under Section 708 of the Corporations Act.
Institutional Offer	The invitation to Institutional Investors described on Section 11.7
IPO	Initial public offering
Lead Manager	Veritas
Listing	Admission of the Company to the Official List and quotation of the Shares on the ASX
Maximum Subscription	The Shares that may be issued under the Prospectus to raise a maximum of \$20 million
Minimum Subscription	The Shares that may be issued under the Prospectus to raise a minimum of \$10 million
Offer	The offer of new Shares under this Prospectus
Offer Period	The period during which investors may subscribe for Shares under the Offer
Offer Price	\$0.25 per Share
Official List	The Official List of the ASX
Official Quotation	Official quotation of securities by ASX
Opening Date	9.00am AEDT on 6 March 2015
Option	An option to acquire Shares
Original Prospectus	The prospectus for the initial public offer of up to 80 million Shares, dated 19 February 2015
Proposed Acquisition	The proposed acquisition of Australia Skydive as referred to in sections 6 & 12
Prospectus or Replacement Prospectus	This document (including the electronic copy of this prospectus) and any supplementary or replacement prospectus in relation to this document

GLOSSARY

TERM	DEFINITION
Prospectus Date	The date on which a copy of this Prospectus was lodged with ASIC, being 5 March 2015
Retail Applicant	An applicant who is not an Institutional Investor or Wholesale Applicant
Related Party	Has the same meaning as given to that expression in the Corporations Act
Securities	The Shares offered pursuant to this Prospectus
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A person registered from time to time on the Company's register of shareholders as a holder of one or more Shares
Skydive the Beach Group or STB Group	Skydive the Beach Group Limited ABN 56 167 320 470 Skydive the Beach and Beyond Sydney Wollongong Pty Ltd ABN 47 169 433 363 Skydive the Beach and Beyond Central Coast Pty Ltd ABN 30 167 390 909 Skydive the Beach and Beyond Hunter Valley Pty Ltd ABN 61 156 316 200 Skydive the Beach and Beyond Melbourne Pty Ltd ABN 22 169 446 664 Skydive the Beach and Beyond Yarra Valley Pty Ltd ABN 54 167 197 864 Skydive the Beach and Beyond Great Ocean Road Pty Ltd ABN 84 167 042 819 Skydive the Beach and Beyond Perth Pty Ltd ABN 70 169 433 461 Skydive the Beach and Beyond Airlie Beach Pty Ltd ABN 53 168 469 565 Skydive the Beach and Beyond Newcastle Pty Ltd ABN 94 167 042 800 Skydive.com.au Pty Ltd ABN 24 159 790 226 STBAUS Pty Ltd ABN 39 169 464 555 Bill & Ben Investments Pty Ltd ABN 85 091 129 618 B&B No. 2 Pty Ltd ABN 62 158 122 126 Aircraft Maintenance Centre Pty Ltd ABN 70 116 943 830 Skydive Holdings Pty Ltd ABN 99 140 817 063
STB Option Plan	The option plan as described in Sections 12 and 14
STB Reorganisation	The reorganisation that took place such that from and including 1 July 2014, all the businesses and some of the companies in the Aggregated Historical Group were transferred to the companies now forming Skydive the Beach Group.
Subsidiary	Has the meaning given to that expression in the Corporations Act
US Persons	The meaning given to such term by Regulation S under the United States Securities Act of 1933, as amended
Veritas	Veritas Securities Limited ACN 117 124 535
Wholesale Applicant	An Applicant to whom offers or invitations in respect of shares can be made without the need for a disclosure document, including in Australia persons to whom offers can be made without the need for a lodged prospectus under section 708 of the Corporations Act.

CORPORATE DIRECTORY

CORPORATE
DIRECTORY

Directors	William (Bill) Beerworth, Non-executive Chairman Anthony Boucaut, Executive Director Timothy Radford, Executive Director Anthony Ritter, Executive Director John Diddams, Non-executive Director Dr. Nigel Finch, Non-executive Director
Company Secretaries	Anthony Ritter & 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
Auditor	RSM Bird Cameron Partners Level 12, 60 Castlereagh Street Sydney NSW 2000
Investigating Accountant	RSM Bird Cameron Corporate Pty Ltd Level 12, 60 Castlereagh Street Sydney NSW 2000
Lead Manager	Veritas Securities Limited Level 4, 175 Macquarie Street Sydney, NSW 2000
Share register	Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2000
Website	www.skydive.com.au

Skydive The Beach Group Limited

ACN 167 320 470

General Offer Application Form

This is an Application Form for Shares in Skydive The Beach Group Limited (**Company**) on the terms set out in the Replacement Prospectus dated 5 March 2015. Defined terms in the Replacement Prospectus have the same meaning in this Application Form. You may apply for a minimum of 8,000 Shares and multiples of 2,000 Shares thereafter. This Application Form and your cheque or bank draft must be received by **5.00pm (AEDT) on 18 March 2015**.

This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Replacement Prospectus dated 5 March 2015 contains information relevant to a decision to invest in the Shares of the Company and you should read the entire Replacement Prospectus carefully before applying for Shares.

The Company's Privacy Policy (**Privacy Policy**) also sets out important information relating to the collection, use and disclosure of all personal information that you provide to the Company. Please ensure that you and all relevant individuals have read the Privacy Policy carefully before submitting this Application Form. The Privacy Policy can be found on our website www.skydive.com.au.

To meet the requirements of the *Corporations Act 2001* (Cth), this Application Form must not be distributed to another person unless included in, or accompanied by the Replacement Prospectus dated 5 March 2015. A person who gives another person access to this Application Form must, at the same time and by the same means, give the other person access to the Replacement Prospectus. The Company will send you a free paper copy of the Replacement Prospectus if you have received an electronic Replacement Prospectus and you ask for a paper copy before the Replacement Prospectus expires on 19 March 2016.

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

A	Number of Shares you are applying for	x \$0.25 per Share =	B	Total amount payable
			\$	
	Minimum of 8,000 Shares to be applied for and thereafter in multiples of 2,000 Shares			

C	Write the name(s) you wish to register the Shares in (<i>see reverse for instructions</i>)
	Applicant #1
	Name of Applicant #2 or <Account Designation>
	Name of Applicant #3 or <Account Designation>

D	Write your postal address here
	Number/Street
	Suburb/Town
	State
	Postcode

E	CHESS participant – Holder Identification Number (HIN)	<i>Important please note if the name and address details above in sections C and D do not match exactly with your registration details held at CHESS, any Securities issued as a result of your Application will be held on the Issuer Sponsored subregister.</i>
	☒	

F	Enter your Tax File Number(s), ABN, or exemption category
	Applicant #1
	Applicant #2
	Applicant #3

G	Cheque payment details –  PIN CHEQUE(S) HERE	Alternatively you can apply online at www.boardroomlimited.com.au/Skydive and pay by BPAY.			
	<i>Please enter details of the cheque(s) that accompany this application.</i>				
	Name of drawer of cheque	Cheque no.	BSB no.	Account no.	Cheque Amount A\$

H	Contact telephone number (daytime/work/mobile)	I	Email address

Declaration By submitting this Application Form with your Application Amount, I/we declare that I/we:

- ✓ have read the Replacement Prospectus dated 5 March 2015 in full;
- ✓ have read the Privacy Policy (available at www.skydive.com.au) in full;
- ✓ have received a copy of the electronic Replacement Prospectus or a print out of it;
- ✓ have completed this Application Form in accordance with the Replacement Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate;
- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Privacy Policy (available at www.skydive.com.au);
- ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company and have provided that individual with a copy of, or details as to where to obtain, the Privacy Policy;
- ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- ✓ apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Replacement Prospectus);
- ✓ acknowledge that my/our application may be rejected by the Company in consultation with the Lead Manager in its absolute discretion;
- ✓ authorise the Lead Manager and the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us;
- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✓ represent, warrant and agree that I/we have not received the Replacement Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia unless the Shares may be offered in my/our jurisdiction without contravention of the security laws of the jurisdiction or any need to register the Replacement Prospectus, the Shares or the Offer.

Guide to the General Offer Application Form

YOU SHOULD READ THE REPLACEMENT PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A** If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than 8,000 Shares and then in multiples of 2,000 Shares). Multiply by A\$0.25 to calculate the total Application Amount for Shares and enter the **A\$amount** at Item **B**.
- C** Write your **full name**. Initials are not acceptable for first names.
- D** Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**
- F** Enter your Australian **tax file number** (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- G** Complete **cheque details** as requested. Make your cheque payable to Skydive The Beach Group Limited. Cross it and mark it 'Not negotiable'. Cheques must be in Australian currency, and cheques must be drawn on an Australian bank. Alternatively you can apply online at www.boardroomlimited.com.au/Skydive and pay by BPAY.
- H** Enter your **contact details** so we may contact you regarding your Application Form or Application Monies.
- I** Enter your **email address** so we may contact you regarding your Application Form or Application Amount or other correspondence.

Correct Form of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgment

Mail your completed Application Form with your cheque(s) or bank draft attached to one of the following addresses:

Mailing address:

Skydive The Beach Group Limited
C/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:

Skydive The Beach Group Limited
C/-Boardroom Pty Limited
Level 7, 207 Kent Street
SYDNEY NSW 2000

The Offer closes at 5.00pm (AEDT) 18 March 2015

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and + 61 2 9290 9600 outside Australia.

Privacy Statement

Skydive the Beach Group Limited advises that Chapter 2C of the Corporations Act requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold Shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form. Our privacy policy is available on our website (<http://www.skydive.com.au>).

The Corporations Act requires some of this information to be included in the Company's Shareholder register, which will be accessible by the public. The Company will collect, use, hold, and disclose your personal information in accordance with the Privacy Policy. For more detail on how the Company collects, stores, uses and discloses your information, please refer to our Privacy Policy. Alternatively contact the Company and the Company will send you a copy. It is recommended that you obtain a copy of the Privacy Policy and read it carefully.

ACN 167 320 470

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Broker Reference – Stamp Only

Broker Code

Adviser Code

This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Replacement Prospectus dated 5 March 2015 contains information relevant to a decision to invest in the Shares of the Company and you should read the entire Replacement Prospectus carefully before applying for Shares.

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PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

A	Number of Shares you are applying for	x \$0.25 per Share =	B	Total amount payable
	Minimum of 8,000 Shares to be applied for and thereafter in multiples of 2,000 Shares		\$	

C	Write the name(s) you wish to register the Shares in <i>(see reverse for instructions)</i>																											
	Applicant #1																											
	Name of Applicant #2 or <Account Designation>																											
Name of Applicant #3 or <Account Designation>																												

[illegible][illegible]

F	Enter your Tax File Number(s), ABN, or exemption category														
	Applicant #1										Applicant #2				
	Applicant #3														

G Cheque payment details – PIN CHEQUE(S) HERE Please enter details of the cheque(s) that accompany this application.				
Name of drawer of cheque	Cheque no.	BSB no.	Account no.	Cheque Amount A\$

H	Contact telephone number (daytime/work/mobile)	I	Email address

Declaration By submitting this Application Form with your Application Amount, I/we declare that I/we:

- ✓ have read the Replacement Prospectus dated 5 March 2015 in full;
- ✓ have read the Privacy Policy (available at www.skydive.com.au) in full;
- ✓ have received a copy of the electronic Replacement Prospectus or a print out of it;
- ✓ have completed this Application Form in accordance with the Replacement Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate;
- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Privacy Policy (available at www.skydive.com.au);
- ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company and have provided that individual with a copy of, or details as to where to obtain, the Privacy Policy;
- ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- ✓ apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Replacement Prospectus);
- ✓ acknowledge that my/our application may be rejected by the Company in consultation with the Lead Manager in its absolute discretion;
- ✓ authorise the Lead Manager and the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us;
- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✓ represent, warrant and agree that I/we have not received the Replacement Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia unless the Shares may be offered in my/our jurisdiction without contravention of the security laws of the jurisdiction or any need to register the Replacement Prospectus, the Shares or the Offer.

Guide to the Broker Firm Offer Application Form

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Instructions

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- C** Write your **full name**. Initials are not acceptable for first names.
- D** Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**
- F** Enter your Australian **tax file number** (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- G** Complete **cheque details** as requested by your broker, or contact your broker to arrange payment for these Shares. Cheques must be in Australian currency, and cheques must be drawn on an Australian bank.
- H** Enter your **contact details** so we may contact you regarding your Application Form or Application Monies.
- I** Enter your **email address** so we may contact you regarding your Application Form or Application Amount or other correspondence.

Correct Form of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
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Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgment

Mail your completed Application Form with your cheque(s) or bank draft attached to your Broker.

Broker Contact Number	Broker Name

The Offer closes at 5.00pm (AEDT) 18 March 2015

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and + 61 2 9290 9600 outside Australia.

Privacy Statement

Skydive the Beach Group Limited advises that Chapter 2C of the Corporations Act requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold Shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form. Our privacy policy is available on our website (<http://www.skydive.com.au>).

The Corporations Act requires some of this information to be included in the Company's Shareholder register, which will be accessible by the public. The Company will collect, use, hold, and disclose your personal information in accordance with the Privacy Policy. For more detail on how the Company collects, stores, uses and discloses your information, please refer to our Privacy Policy. Alternatively contact the Company and the Company will send you a copy. It is recommended that you obtain a copy of the Privacy Policy and read it carefully.