

Skydive the Beach Group Limited

ABN: 56 167 320 470

General Purpose Financial Statements
for the period from 19 December 2013 to 30 June 2014

Skydive the Beach Group Limited

ABN: 56 167 320 470

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Skydive the Beach Group Limited

ABN: 56 167 320 470

DIRECTORS' REPORT

Your directors present their report on the company for the financial period ended 30 June 2014.

Directors

The names of the directors of Skydive the Beach Group Limited in office from incorporation date of 19 December 2013 to the end of the year:

Anthony Boucaut
John Diddams
Timothy Radford
Anthony Ritter

Review of operations

The company did not trade during the financial period.

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial period.

Events subsequent to the end of the reporting period

On 1 July 2014, the below listed entities were wholly acquired by Skydive the Beach Group Limited:

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

On 17 October 2014, Skydive Holdings Pty Ltd entered into a non-binding indicative offer with the operator of a complementary skydive business and its shareholders for the acquisition by Skydive Holdings Pty Ltd or its nominee of all of the shares in that target company, subject to certain preconditions. The preconditions to completion of the transaction include, among other things:

- (a) completion of due diligence satisfactory to the purchaser;
- (b) approval to the transaction by the purchaser's shareholders;
- (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) any additional matters reasonably required by the purchaser following completion of the due diligence.

Skydive the Beach Group Limited

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DIRECTORS' REPORT

Events subsequent to the end of the reporting period (continued)

The transaction is also subject to finance. The parties are negotiating formal documents to reflect the transaction, which are likely to be entered into during December 2014. Among other things, the formal documentation will require that, prior to the acquisition being completed in or about March 2015, each of the subsidiaries of target company will need to be demerged or deregistered and selected assets of those subsidiaries transferred to the target company.

The consideration for the transaction is payable partly by way of a non-refundable deposit (in 2 instalments), the payment of an amount at completion of the transaction, and a further amount payable over the following 3 years. The purchaser will assume a limited amount of the debt of the target company at completion.

Usual vendor (and related entity) warranties and restraints are proposed to apply.

Other than the above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial periods.

Likely developments and expected results of operations

Likely developments in the operations of the company and the expected results of those operations in future financial periods have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Options

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial period and there were no options outstanding at the date of this report.

Indemnification of officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of the company.

Proceedings on behalf of company

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

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

Information on directors

Anthony BOUCAUT

Qualifications

- Chief Executive Officer, Director
- Bachelor of Science from University of Wollongong, and is a member of the Australian Institute of Company Directors and the Australian Parachute Federation

Experience

- Anthony has over twenty years in the skydiving industry and over twenty-five years experience in the aviation industry.

Interest in Shares

- 13,065,625

Special Responsibilities

- None

Directorships held in other listed entities during the three periods prior to the current period

- None

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DIRECTORS' REPORT (CON'T)

Information on directors (continued)

John DIDDAMS

Qualifications

Experience

- **Non-Executive Director**

- B Com, FCPA, FAICD

- Appointed 19 December 2013, John has over thirty years 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 services to SME & Mid-cap companies, including management of the process to raise capital and list on the stock exchange.

Interest in Shares

- 2,900,545

Special Responsibilities

- None

Directorships held in other listed entities during the three periods prior to the current period

- Indoor Skydive Australia Group Limited

Timothy RADFORD

Qualifications

Experience

- **Chief Operating Officer, Director**

- Member of the Australian Institute of Company Directors and the Australian Parachute Federation.

- Tim has 22 years of skydiving experience. Tim has been involved with Skydive the Beach for over ten years.

Interest in Shares and Options

- 7,267,940

Special Responsibilities

- None

Directorships held in other listed entities during the three periods prior to the current period

- None

Anthony Ritter

Qualifications

Experience

- **Chief Financial Officer, Director**

- Bachelor of Commerce from University of Wollongong, is a member of the Institute of Chartered Accountants of Australia, the Australian Institute of Company Directors, and the Australian Parachute Federation.

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

Interest in Shares

- 3,383,970

Special Responsibilities

- None

Directorships held in other listed entities during the three periods prior to the current period

- None

Skydive the Beach Group Ltd

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DIRECTORS' REPORT (CON'T)

Directors' meetings

Directors	Eligible to attend	Meetings attended
Anthony Boucaut	1	1
John Diddams	1	1
Timothy Radford	1	1
Anthony Ritter	1	1

Company secretary

The following person held the position of company secretary at the end of the financial period:

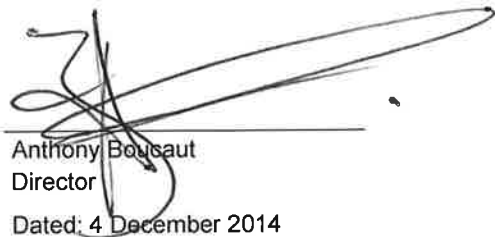
Anthony Boucaut

John Diddams

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 7.

This directors' report is signed in accordance with a resolution of the Board of Directors:



Anthony Boucaut
Director
Dated: 4 December 2014

RSM Bird Cameron Partners
Level 12, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001
T +61 2 8226 4500 F +61 2 8226 4501

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Skydive the Beach Group Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

G N Sherwood GNS

G N SHERWOOD
Partner

Sydney, NSW
Dated: 4 December 2014

Skydive the Beach Group Limited

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STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2014

	2014
	\$
Revenue	-
Cost of sales	-
Gross profit	-
Other expenses	-
Profit before income tax	-
Tax expense	-
Profit for the period	-
Other comprehensive income	
Total comprehensive income for the period	-

The accompanying notes form part of these financial statements.

Skydive the Beach Group Limited

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014 \$
ASSETS		
Cash and cash equivalents	2	16,750
Trade and other receivables	3	9,868
Total current assets		26,618
Total assets		26,618
Net assets		26,618
EQUITY		
Issued capital	4	26,618
Retained earnings		-
Total equity		26,618

The accompanying notes form part of these financial statements.

Skydive the Beach Group Limited

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STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2014

	Note	Issued Capital \$	Retained Earnings \$	Total \$
Balance at 19 December 2013		-	-	-
Comprehensive income				
Profit for the period		-	-	-
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		-	-	-
Transactions with owners, in their capacity as owners				
Shares issued	4	26,618	-	26,618
Total transactions with owners		26,618	-	26,618
Balance at 30 June 2014		26,618	-	26,618

The accompanying notes form part of these financial statements.

Skydive the Beach Group Limited

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STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2014

	Note	2014 \$
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares		16,750
Net cash provided by financing activities		<u>16,750</u>
Net increase in cash held		16,750
Cash and cash equivalents at beginning of financial period		<u>-</u>
Cash and cash equivalents at end of financial period	2	<u><u>16,750</u></u>

The accompanying notes form part of these financial statements.

Skydive the Beach Group Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

The financial statements cover Skydive the Beach Group Limited as an individual entity. Skydive the Beach Group Limited is a company limited by shares, incorporated and domiciled in Australia.

The Company was constituted on 19 December 2013; hence no comparatives are presented within the financial statements.

The financial statements were authorised for issue on 4 December 2014 by the directors of the company.

Note 1: Summary of significant accounting policies

Basis of preparation

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

The financial statements, except for the cash flow information have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

a. Income tax

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

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

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

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

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

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

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

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

Skydive the Beach Group Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

Note 1: Summary of significant accounting policies (continued)

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

b. 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.

c. 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.

d. 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).

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

e. New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

- AASB 9: *Financial Instruments* (December 2010) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

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

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

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

- AASB 2012-3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to significantly impact the company's financial statements.

- Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the company's financial statements.

- AASB 2013-3: *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the company's financial statements.

Skydive the Beach Group Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

	2014
	\$
Note 2: Cash and cash equivalents	
Cash at bank	<u>16,750</u>
Note 3: Trade and other receivables	
Related party receivable	<u>9,868</u>
Note 4: Issued capital	
26,618,080 fully paid ordinary shares	<u>26,618</u>

The company has authorised share capital amounting to \$26,618 ordinary shares of no par value.

	2014
	No.
Ordinary shares	
At the beginning of the reporting period	-
Shares issued	<u>26,618,080</u>
At the end of the reporting period	<u><u>26,618,080</u></u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Skydive the Beach Group Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

Note 5: Events subsequent to the end of the reporting period

On 1 July 2014, the below listed entities were wholly acquired by Skydive the Beach Group Limited:

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

On 17 October 2014, Skydive Holdings Pty Ltd entered into a non-binding indicative offer with the operator of a complementary skydive business and its shareholders for the acquisition by Skydive Holdings Pty Ltd or its nominee of all of the shares in that target company, subject to certain preconditions. The preconditions to completion of the transaction include, among other things:

- (a) completion of due diligence satisfactory to the purchaser;
- (b) approval to the transaction by the purchaser's shareholders;
- (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) any additional matters reasonably required by the purchaser following completion of the due diligence.

The transaction is also subject to finance. The parties are negotiating formal documents to reflect the transaction, which are likely to be entered into during December 2014. Among other things, the formal documentation will require that, prior to the acquisition being completed in or about March 2015, each of the subsidiaries of target company will need to be demerged or deregistered and selected assets of those subsidiaries transferred to the target company.

Skydive the Beach Group Limited

ABN: 56 167 320 470

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

Note 5: Events subsequent to the end of the reporting period (continued)

The consideration for the transaction is payable partly by way of a non-refundable deposit (in 2 instalments), the payment of an amount at completion of the transaction, and a further amount payable over the following 3 years. The purchaser will assume a limited amount of the debt of the target company at completion.

Usual vendor (and related entity) warranties and restraints are proposed to apply.

Other than the above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial periods.

Note 6: Company details

The principal place of business and registered office of the company is:

Skydive the Beach Group Limited

Level 5

8 Help Street

Chatswood NSW 2067

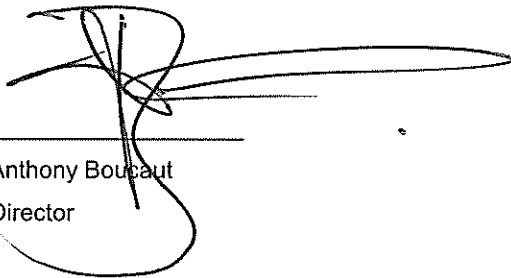
Skydive the Beach Group Ltd

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DIRECTORS' DECLARATION

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

1. The financial statements and notes, as set out on pages 7 to 17, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the period ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Anthony Boucaut
Director

Dated: 4 December 2014

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

We have audited the accompanying financial report, being a general purpose financial report, of Skydive the Beach Group Limited ("the company"), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion the financial report of Skydive the Beach Group Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



G N SHERWOOD
Partner

Sydney, NSW
Dated: 4 December 2014