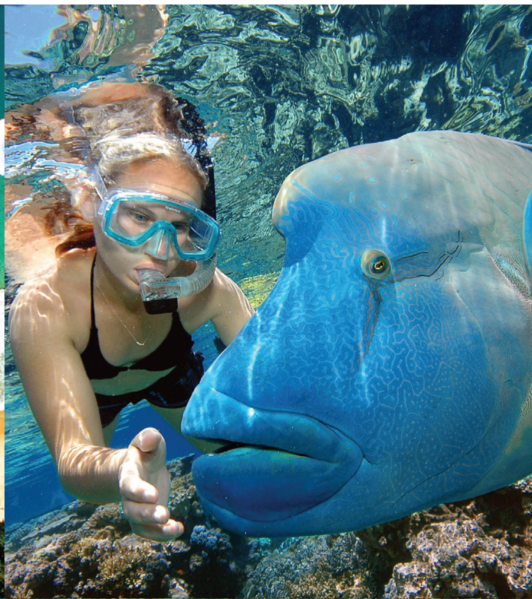
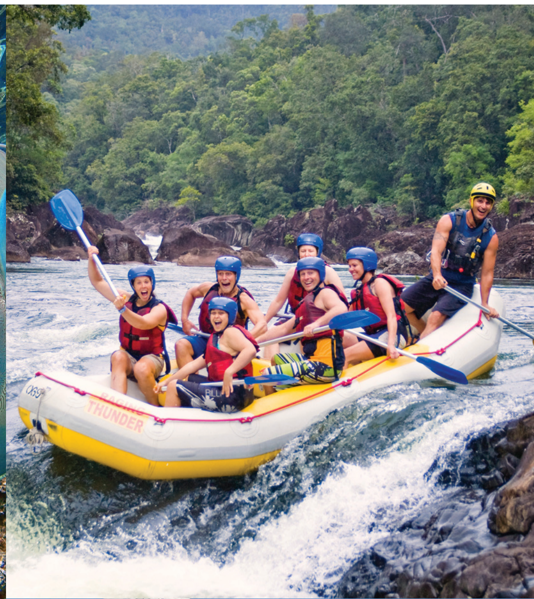
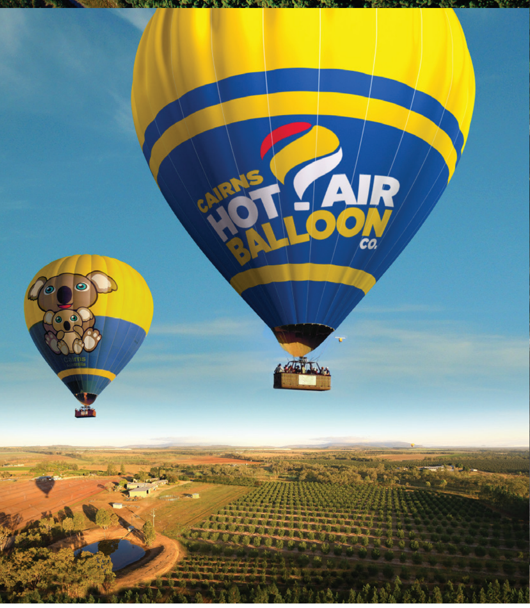
Skydive the Beach

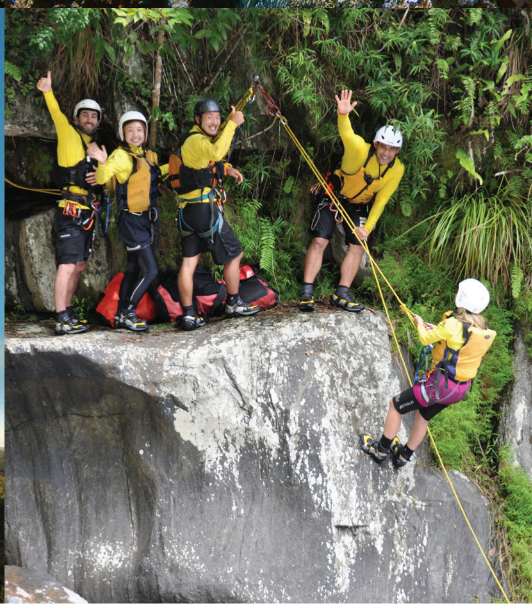
GROUP LIMITED

ACN 167 320 470









APPENDIX 4E AND FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

LISTED ON AUSTRALIAN STOCK EXCHANGE

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

Appendix 4E and Financial Report
For the year ended 30 June 2017

Contents

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

Appendix 4E - Preliminary Final Report
for the year ended 30 June 2017

Results for announcement to the market

	Year ended 30-Jun-17 $'000	Year ended 30-Jun-16 $'000	Variance %
Revenue from ordinary activities	**89,566**	58,473	53.2%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)*	**20,988**	13,457	56.0%
Net profit after tax	**9,482**	7,158	32.5%
Profit after tax attributable to members of the parent entity	**9,482**	7,158	32.5%
Earnings per share (cents)			
- Basic	**2.24**	2.10	6.5%
- Diluted	**2.18**	2.04	7.0%
Cash and cash equivalents	**9,490**	12,819	-26.0%

Dividends

On 30 September 2016, a fully franked dividend of $0.01 per share was paid out of retained profits at 30 June 2016, amounting to $3,963,014.

The Directors have declared a final and fully franked dividend of $0.01 per share, amounting to $4,348,777, payable on 29 September 2017 out of retained profits at 30 June 2017. For the purposes of determining any entitlement to the dividend, the record date has been set as 18 September 2017.

Significant events

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

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

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

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

On 1 May 2017 National Australia Bank Limited ("NAB") executed with the Group a Banking Facility Agreement. NAB has made available to the Group a $20 million Cash Advance Facility, a $20 million Master Asset Finance Facility, a $255,000 Bank Guarantee Facility, a $500,000 Business Card facility, and a $3 million Foreign Exchange & Commodity Hedging Facility.

On 1 May 2017 the Group acquired Reef Magic Cruises, an adventure eco-tourism company, located in Far North Queensland, adding snorkelling, diving, reef scenic helicopter flights, remedial massages, whale watching, glass bottom boat and semi-submersible tours of the Great Barrier Reef, to the company's adventure tourism portfolio. Consideration for the acquisition was $15M and $14.5M was funded through NAB.

On 1 May 2017 the Group acquired ILB Pty Ltd, an information technology implementation, maintenance and support business, which has provided services to the Group for more than 10 years. Consideration for the acquisition was $850,000 and was paid through a combination of cash and scrip (833,333 shares were issued as part consideration).

Commentary on the Results

As at 30 June 2017, Skydive the Beach Group Limited operated 18 skydiving drop zones in Australia and 3 in New Zealand. In Australia, the skydiving drop zones are across New South Wales, Queensland, Victoria and Western Australia, while the three New Zealand skydiving drop zones are located in Queenstown, Glenorchy and Wanaka.

Through the acquisitions of the Raging Thunder Adventures (October 2016) and Reef Magic Cruises (May 2017) , as at 30 June 2017 the Group operated two adventure eco-tourism companies, located in Far North Queensland. This adds white water rafting, hot air ballooning, canyoning, sea kayaking and tours to the Great Barrier Reef to the company's adventure tourism portfolio.

* EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity. A reconciliation between EBITDA and profit after income tax for the financial year ended 30 June 2017 is included below.

	Year ended 30-Jun-17 $'000	Year ended 30-Jun-16 $'000
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**20,988**	13,457
Less: Depreciation and amortisation	**(6,165)**	(3,599)
Less: Finance costs	**(1,255)**	(669)
Profit before tax	13,568	9,189
Income tax expense	(4,086)	(2,031)
Net profit for the year after tax	9,482	7,158

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

Appendix 4E - Preliminary Final Report
for the year ended 30 June 2017

The EBITDA for the year ended 30 June 2017 increased by 56.0% when compared to the year ended 30 June 2016. When comparing the EBITDA for the 12 months to 30 June 2017 set out below is the number of months trading from major acquisitions year on year:

	30-Jun-17	30-Jun-16
NZone Skydive purchased on 30 October 2015	**12 months**	8 months
Skydive Wanaka purchased on 01 July 2016	**12 months**	NIL
Raging Thunder Adventures purchased on 31 October 2016	**8 months**	NIL
Reef Magic Cruises purchased on 1 May 2017	**2 months**	NIL

Net Tangible Assets

	30-Jun-17	30-Jun-16
Net Assets (cents per share)	0.22	0.18
Net Tangible Assets (cents per share)	0.11	0.13

Events After the End of the Period

On 2 August 2017, the Group acquired all the share capital and assets of Byron Bay Ballooning. Consideration for this acquisition was $800,000 ($80,000 of which was paid as a deposit prior to 30 June 2017).

Preliminary Final Report
The preliminary final report of Skydive the Beach Group Limited for the year ended 30 June 2017 is attached.

Audit status
The report is based on accounts that are in the process of being audited. It is not expected that the report is likely to contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph.

Anthony Boucaut
Managing Director

Anthony Ritter
Chief Executive Officer

23 August 2017

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017

	Note	Consolidated Group 30 June 2017 $000	30 June 2016 $000
Revenue	4	89,566	58,473
Cost of sales	5	(51,469)	(31,739)
Gross profit		38,097	26,734
Other income	4	1,021	1,262
Administration and corporate expenses		(13,330)	(11,295)
Occupancy expenses	5	(2,365)	(1,692)
Depreciation and amortisation expenses	5	(6,165)	(3,599)
Marketing, advertising and agents commission		(1,858)	(1,347)
Repairs and maintenance expenses		(573)	(176)
Finance costs	5	(1,255)	(669)
Other expenses		(4)	(29)
Profit before income tax		**13,568**	**9,189**
Income tax expense	6	(4,086)	(2,031)
Net profit for the year		**9,482**	**7,158**
Other comprehensive income/(losses), net of tax:			
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment, net of tax		-	(458)
Exchange differences on translation of foreign operations		(166)	(101)
Total other comprehensive income		(166)	(559)
Total comprehensive income for the year		**9,316**	**6,599**
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)	18	2.24	2.10
Diluted earnings per share (cents)	18	2.18	2.04

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

Consolidated Statement of Financial Position as at 30 June 2017

	Note	Consolidated Group 30 June 2017 $000	30 June 2016 $000
ASSETS			
Current assets			
Cash and cash equivalents	7	9,490	12,819
Trade and other receivables	8	4,340	2,483
Inventories	9	2,525	1,486
Other current assets	10	3,705	11,999
Total current assets		20,060	28,787
Non-current assets			
Trade and other receivables	8	1,153	1,495
Other financial assets		38	27
Property, plant and equipment	11	70,370	39,503
Intangible assets	12	47,959	17,996
Total non-current assets		119,520	59,021
Total assets		139,580	87,808
LIABILITIES			
Current liabilities			
Trade and other payables	13	6,596	2,662
Deferred revenue	14	891	202
Borrowings	15	5,692	2,049
Provisions	16	1,490	606
Current tax liabilities	6	1,338	3,078
Total current liabilities		16,007	8,597
Non-current liabilities			
Borrowings	15	23,932	8,297
Deferred tax liabilities	6	4,962	793
Provisions	16	183	74
Total non-current liabilities		29,077	9,164
Total liabilities		45,084	17,761
Net assets		94,496	70,047
Equity			
Issued capital	17	84,321	65,231
Retained earnings		12,208	6,689
Reserves		(2,033)	(1,873)
Total equity		94,496	70,047

Consolidated Statement of Changes in Equity for the year ended 30 June 2017

	Note	Issued Capital $000	Retained Earnings $000	Asset Revaluation Reserve $000	Common Control Reserve $000	Share Option Reserve $000	Foreign Currency Translation Reserve $000	Total $000
Consolidated Group								
Balance at 1 July 2015		32,039	2,468	2,844	(4,171)	5	-	33,185
Comprehensive income								
Profit for the year		-	7,158	-	-	-	-	7,158
Other comprehensive income for the year		-	-	(458)	-	-	(101)	(559)
Total comprehensive income for the year		-	7,158	(458)	-	-	(101)	6,599
Transactions with owners, in their capacity as owners, and other transfers								
Shares issued during the year	17	35,058	-	-	-	-	-	35,058
Transaction costs, net of tax impact		(1,866)	-	-	-	-	-	(1,866)
Dividends paid during the year		-	(2,937)	-	-	-	-	(2,937)
Employee share options issued		-	-	-	-	8	-	8
Total transactions with owners and other transfers		33,192	(2,937)	-	-	8	-	30,263
Balance as at 30 June 2016		65,231	6,689	2,386	(4,171)	13	(101)	70,047
Balance at 1 July 2016		65,231	6,689	2,386	(4,171)	13	(101)	70,047
Comprehensive income								
Profit for the year		-	9,482	-	-	-	-	9,482
Other comprehensive income for the year		-	-	-	-	-	(165)	(165)
Total comprehensive income for the year		-	9,482	-	-	-	(165)	9,317
Transactions with owners, in their capacity as owners, and other transfers								
Shares issued during the year	17	20,126	-	-	-	-	-	20,126
Transaction costs, net of tax impact		(1,036)	-	-	-	-	-	(1,036)
Dividends paid during the year	2	-	(3,963)	-	-	-	-	(3,963)
Employee share options issued		-	-	-	-	5	-	5
Total transactions with owners and other transfers		19,090	(3,963)	-	-	5	-	15,132
Balance as at 30 June 2017		84,321	12,208	2,386	(4,171)	18	(266)	94,496

Consolidated Statement of Cash Flows for the year ended 30 June 2017

	Note	Consolidated Group Year Ended 30 June 2017 $000	Year Ended 30 June 2016 $000
Cash flows from operating activities			
Receipts from customers		89,865	59,219
Payments to suppliers and employees		(70,524)	(48,268)
Finance costs		(1,255)	(669)
Income tax paid		(5,446)	(853)
Net cash provided by operating activities	19	12,640	9,429
Cash flows from investing activities			
Payments for property, plant and equipment		(18,754)	(11,610)
Payments for intangible assets		(1,259)	(678)
Proceeds from disposal of plant and equipment		-	1,060
Payments for business acquisitions	1	(31,539)	(25,620)
Cash acquired in business acquisitions		845	243
Net cash used in investing activities		(50,707)	(36,605)
Cash flows from financing activities			
Proceeds from issued capital		20,127	34,522
Transaction costs associated with share issue		(1,037)	(1,803)
Dividends paid		(3,963)	(2,937)
Loans to related parties		-	(255)
Loan repayments from related parties		330	507
Repayment of borrowings		(1,510)	(1,609)
Proceeds from borrowings		20,791	2,335
Net cash provided by financing activities		34,738	30,760
Net increase/(decrease) in cash held		(3,329)	3,584
Cash at beginning of the year		12,819	9,235
Cash at end of the year	7	9,490	12,819

1 Acquisition of Controlled Entities

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

Fair value of purchase consideration:	$000
Cash	10,095
Loans acquired	(1,637)
	8,458
Assets and liabilities held at acquisition date:	
- Current assets	316
- Non-current assets	2,780
- Current liabilities	(785)
- Non-current liabilities	(1,100)
	1,211
Goodwill and other intangible assets	7,247

(ii) On 3 October 2016, Skydive (New Zealand) Limited, a wholly-owned subsidiary, acquired Performance Aviation Limited, being a company registered and trading within New Zealand, for the consideration of NZ$500,000.

Fair value of purchase consideration:	
Cash	482
Less:	
- Current assets	120
- Non-current assets	68
	188
Goodwill	294

(iii) On 31 October 2016, Skydive the Beach Group Limited acquired Raging Thunder Adventures, being a company registered and trading within Australia, for the consideration of $15,440,000, including the purchase of loan accounts of $3,300,000.

Fair value of purchase consideration:	
Cash	15,440
Loans acquired	(3,300)
	12,140
Assets and liabilities held at acquisition date:	
- Current assets	1,344
- Non-current assets	3,854
- Current liabilities	(2,567)
- Non-current liabilities	(3,300)
	(669)
Goodwill and other intangible assets	12,809

(iv) On 1 May 2017, Skydive the Beach Group Limited acquired Reef Magic Cruises Pty Ltd, being a company registered and trading within Australia, for the consideration of $15,000,000, including the purchase of loan accounts of $1,279,000.

Fair value of purchase consideration:	
Cash	15,000
Loans acquired	(1,279)
	13,721
Assets and liabilities held at acquisition date:	
- Current assets	1,626
- Non-current assets	10,766
- Current liabilities	(1,513)
- Non-current liabilities	(1,279)
	9,599
- Surplus working capital and other amounts to be paid to Vendor as per purchase agreement	(570)
	9,029
Goodwill and other intangible assets	4,692

(v) On 1 May 2017 the Group acquired ILB Pty Ltd, an information technology implementation, maintenance and support business, which has provided services to the Group for more than 10 years. Consideration for the acquisition was $850,000.

Fair value of purchase consideration:	
Cash	350
Shares issued	500
	850
Goodwill and other intangible assets	850

(vi) On 10 February 2017 the Group acquired Rescue Training Group, a marine rescue training business. Consideration for the acquisition was $120,000.
$120,000.

Fair value of purchase consideration:	
Cash	120
Goodwill and other intangible assets	120
Total cash paid in business acquisitions (includes $9.948M paid as a deposit for Skydive Wanaka prior to 01 July 2016)	41,487

2 Dividends

A final fully franked dividend of $0.01 per share was paid on 30 September 2016 out of retained profits at 30 June 2016, amounting to $3,963,014

The Directors have declared a final and fully franked dividend of $0.01 per share, amounting to $4,348,777, payable on 29 September 2017 out of retained profits at 30 June 2017. For the purposes of determining any entitlement to the dividend, the record date has been set as 18 September 2017.

	Consolidated Group	
	30-Jun-17	30-Jun-16
	$000	$000
3 Net Tangible Assets Per Share		
Net Assets	94,496	70,047
Net Assets (cents per share)	0.22	0.18
Net Tangible Assets	46,538	52,051
Net Tangible Assets (cents per share)	0.11	0.13
4 Revenue and Other Income		
Revenue		
Sale of goods and services	89,566	58,473
Other income		
Interest received	170	140
Other income	851	1,122
	1,021	1,262
5 Profit for the Year		

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

	30-Jun-17	30-Jun-16
Cost of sales	51,469	31,739
Finance costs	1,255	669
Occupancy costs	2,365	1,692
Depreciation and amortisation expenses	6,165	3,599

6 Tax Expense

	Consolidated Group 30-Jun-17 $000	30-Jun-16 $000
The components of tax expense comprise:		
Current tax	4,021	2,970
Deferred tax	428	(939)
Over provision of tax from prior years	(363)	-
	4,086	2,031
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie tax payable on profit before income tax at 30% (2017: 30%)	4,070	2,757
Add tax effect of:		
Non-deductible depreciation and amortisation	259	182
Deductible acquisition costs	32	91
Assessable income received in advance	55	31
Deductible maintenance costs	(57)	(63)
Other non-allowable items	12	21
	4,371	3,019
Over provision of tax from prior years	(363)	-
Recognition of deferred tax balances	175	(937)
Impact of foreign exchange differences	8	8
Impact of lower tax rates applicable to New Zealand subsidiaries	(105)	(59)
Income tax attributable to the group	4,086	2,031

7 Cash and Cash Equivalents

	30-Jun-17 $000	30-Jun-16 $000
Cash at bank and on hand	9,464	12,796
Short-term bank deposits	26	23
	9,490	12,819

Reconciliation of cash

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

	30-Jun-17 $000	30-Jun-16 $000
Cash and cash equivalents	9,490	12,819

8 Trade and Other Receivables

	30-Jun-17 $000	30-Jun-16 $000
CURRENT		
Trade receivables	2,917	1,229
Provision for impairment	-	(3)
	2,917	1,226
Amounts due from other related parties	300	288
Other receivables	1,123	969
	4,340	2,483
NON CURRENT		
Amounts due from other related parties	1,153	1,495
	1,153	1,495

9 Inventories

	30-Jun-17 $000	30-Jun-16 $000
CURRENT		
Raw materials, spares and stores - at cost	2,525	1,486

10 Other Current Assets

	30-Jun-17 $000	30-Jun-16 $000
Prepayments	1,380	1,693
Deposit paid for business combinations	80	9,948
Deposit paid for aircraft not delivered at 30 June 2017	1,475	-
Other current assets	770	358
	3,705	11,999

11 Property, Plant and Equipment

	Consolidated Group	
	As at 30-Jun-17 $000	As at 30-Jun-16 $000
Plant and equipment:		
At cost	9,647	6,367
Accumulated depreciation	(2,305)	(1,508)
	7,342	4,859
Leasehold improvements		
At cost	1,986	1,029
Accumulated depreciation	(616)	(354)
	1,370	675
Aircraft:		
At revalued amounts	48,773	34,135
Accumulated depreciation	(5,667)	(2,879)
	43,105	31,256
Motor vehicles:		
At cost	4,019	1,788
Accumulated depreciation	(900)	(476)
	3,119	1,312
Office equipment:		
At cost	1,179	696
Accumulated depreciation	(648)	(470)
	531	226
Land		
At cost	646	340
Accumulated depreciation	-	-
	646	340
Buildings		
At cost	3,542	844
Accumulated depreciation	(70)	(9)
	3,473	835
Vessels		
At cost	9,285	-
Accumulated depreciation	(134)	-
	9,151	-
Floating Docks		
At cost	1,656	-
Accumulated depreciation	(22)	-
	1,633	-
Total property, plant and equipment	70,370	39,503

a) Movements in Carrying Amounts

	Plant & Equipment $000	Vessels $000	Floating Docks $000	Leasehold Improvements $000	Aircraft $000	Motor Vehicles $000	Office Equipment $000	Land $000	Buildings $000	Total $000
Opening balance 1 July 2016	4,859	-	-	675	31,256	1,312	226	340	835	39,503
Additions through business combinations	1,735	8,922	1,655	881	1,810	123	54	-	2,315	17,495
Additions	2,081	342	-	76	12,744	2,054	408	306	377	18,388
Revaluations	-	-	-	-	-	-	-	-	-	-
Disposals	(68)	-	-	-	-	-	-	-	-	(68)
Depreciation expense	(1,264)	(113)	(22)	(260)	(2,705)	(370)	(157)	-	(57)	(4,948)
Transfers between classes				(2)				-	2	-
Closing balance 30 June 2017	7,342	9,151	1,633	1,370	43,105	3,119	531	646	3,473	70,370
Opening balance 1 July 2015	6,041	-	-	636	19,066	1,011	129	-	-	26,883
Additions through business combinations	99			8	5,397	55	2	-	237	5,798
Additions	1,513			68	8,454	515	88	340	607	11,585
Revaluations	(677)			-	26	(71)	-	-	-	(722)
Disposals	(162)			-	(552)	(30)	-	-	-	(744)
Depreciation expense	(1,363)			14	816	7	136		(9)	(399)
Transfers between classes	(592)			(51)	(1,951)	(175)	(129)	-		(2,898)
Closing balance 30 June 2016	4,859	-	-	675	31,256	1,312	226	340	835	39,503

12 Intangible Assets

	Consolidated Group As at 30-Jun-17 $000	As at 30-Jun-16 $000
Goodwill:		
At cost	19,228	7,911
Accumulated impaired losses	-	-
	19,228	7,911
Trademarks, trade names and licences:		
At cost	14,127	5,344
Accumulated amortisation and impairment losses	-	-
	14,127	5,344
Computer software:		
At cost	1,207	813
Accumulated amortisation and impairment losses	(839)	(491)
	368	322
Customer relationships and other intangible assets		
At cost	12,706	4,815
Accumulated amortisation	(1,048)	(396)
	11,658	4,419
Leases		
At cost	2,776	-
Accumulated amortisation	(198)	-
	2,578	-
Total Intangibles	47,959	17,996

a) Movements in Carrying Amounts

	Goodwill $000	Trademarks, trade names & licences $000	Computer Software $000	Customer relationships and other $000	Leases $000	Total $000
Opening balance 1 July 2016	7,911	5,344	322	4,419	-	17,996
Additions through business combinations	10,917	8,783	388	8,317	2,776	31,181
Amortisation expense		-	(342)	(678)	(198)	(1,217)
Closing balance 30 June 2017	18,828	14,127	368	12,058	2,578	47,959
Opening balance 1 July 2015	3,569	2,000	247	1,808	-	7,624
Additions through business combinations	4,550	3,344	7	2,303	-	10,204
Additions	-	-	159	519	-	678
Opening revaluation adjustment	(208)	-	-	-	-	(208)
Transfers between classes	-	-	210	180	-	390
Amortisation expense	-	-	(301)	(391)	-	(692)
Closing balance 30 June 2016	7,911	5,344	322	4,419	-	17,996

	Consolidated Group 30-Jun-17 $000	30-Jun-16 $000
13 Trade and Other Payables		
CURRENT		
Trade payables	3,390	1,085
Sundry payables and accrued expenses	3,206	1,577
	6,596	2,662
14 Deferred Revenue		
CURRENT		
Income received in advance	891	202
15 Borrowings		
CURRENT		
Secured liabilities		
Bank loans	86	64
Finance lease liabilities	3,400	1,985
Vendor finance loan	2,204	-
Total current borrowings	5,692	2,049
NON-CURRENT		
Secured liabilities		
Bank loans	15,137	763
Finance lease liabilities	8,795	5,330
	23,932	6,093
Unsecured liabilities		
Vendor finance loan	-	2,204
Total non-current borrowings	23,932	8,297
Total borrowings	29,624	10,346

16 Provisions

	Consolidated Group 30-Jun-17 $000	30-Jun-16 $000
CURRENT		
Employee benefits	1,490	606
NON-CURRENT		
Employee benefits	183	74
Total provisions	1,673	680

17 Issued Capital

	Consolidated Group 30-Jun-17 $000	30-Jun-16 $000
434,877,669 (2016: 396,301,350) fully paid ordinary shares	84,321	65,231
	No.	No.
At the beginning of the year	396,301,350	293,729,700
Shares issued during the year	38,576,319	102,571,650
Balance at the end of the year	434,877,669	396,301,350

On 6 October 2016, 36,504,054 shares were issued at $0.52 each to institutional investors.

On 20 October 2016, 1,238,932 shares were issued at $0.52 each to retail investors.

On 29 May 2017, 833,333 shares were issued at $0.60 each as part of the ILB Pty Ltd acquisition.

18 Earnings Per Share

	Consolidated Group 30-Jun-17 $000	30-Jun-16 $000
Profit after tax attributable to members of the parent entity	9,482	7,158
	No.	No.
Weighted average number of shares used in calculating basic earnings per share	423,925,384	341,351,567
Adjustments for calculation of diluted earnings per share:		
Options granted	10,300,000	10,300,000
Weighted average number of shares used in calculating diluted earnings per share	434,225,384	351,651,567
Basic earnings per share (cents)	2.24	2.10
Diluted earnings per share (cents)	2.18	2.04

	Consolidated Group	
	30-Jun-17	30-Jun-16
	$000	$000

19 Cash Flow Information

Reconciliation of cash flow from operations with profit after income tax

	30-Jun-17 $000	30-Jun-16 $000
Profit after income tax	9,482	7,158
Non-cash flows in profit:		
Depreciation and amortisation expense	6,165	3,599
Share option expense	0	9
Unrealised foreign currency exchange gains/losses	(265)	(101)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(242)	(348)
(Increase)/decrease in other current assets	(1,510)	(1,528)
(Increase)/decrease in inventories	(812)	(112)
Increase/(decrease) in trade and other payables	894	(683)
Increase/(decrease) in income taxes payable	(1,724)	2,118
Increase/(decrease) in deferred taxes payable	365	(940)
Increase/(decrease) in provisions	287	257
	12,640	9,429

20 Share Options

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

	Consolidated Group	
	Number	Weighted average exercise price
Options outstanding as at 30 June 2016	10,300,000	0.25
Options outstanding as at 30 June 2017	10,300,000	$ 0.25
Options exercisable as at 30 June 2017:	7,633,332	
Options exercisable as at 30 June 2016:	4,966,666	

21 Interests in Subsidiaries

The subsidiaries listed below have share capital consisting of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group.

	Country of incorporation	2017 %	2016 %
Aircraft Maintenance Centre Pty Ltd	Australia	100	100
Australia Skydive Pty Ltd	Australia	100	100
B & B No 2 Pty Ltd	Australia	100	100
Bill & Ben Investments Pty Ltd	Australia	100	100
Skydive Holdings Pty Ltd	Australia	100	100
Skydive the Beach and Beyond Airlie Beach Pty Ltd	Australia	100	100
Skydive the Beach and Beyond BB Pty Ltd	Australia	100	100
Skydive the Beach and Beyond Central Coast Pty Ltd	Australia	100	100
Skydive the Beach and Beyond Great Ocean Road Pty Ltd	Australia	100	100
Skydive the Beach and Beyond Hunter Valley Pty Ltd	Australia	100	100
Skydive the Beach and Beyond Melbourne Pty Ltd	Australia	100	100
Skydive the Beach and Beyond Newcastle Pty Ltd	Australia	100	100
SBB Trading Pty Ltd (formerly known as Skydive the Beach and Beyond Perth Pty Ltd)	Australia	100	100
Skydive the Beach and Beyond Sydney Wollongong Pty Ltd	Australia	100	100
Skydive the Beach and Beyond Yarra Valley Pty Ltd	Australia	100	100
Skydive.com.au Pty Ltd	Australia	100	100
STBAUS Pty Ltd	Australia	100	100
Skydive International Holdings Pty Ltd	Australia	100	100
Skydive Investments Pty Ltd	Australia	100	100
Skydive (New Zealand) Limited	New Zealand	100	100
Skydive Queenstown Limited	New Zealand	100	100
Skydive Glenorchy Limited	New Zealand	100	100
Parachute Adventure Queenstown Limited	New Zealand	100	100
Skydive Wanaka Limited	New Zealand	100	-
Performance Aviation Limited	New Zealand	100	-
Raging Thunder Pty Ltd	Australia	100	-
Fitzroy Island Ferries Pty Ltd	Australia	100	-
Fitzroy Island Pty Ltd	Australia	100	-
Martheno Pty Ltd	Australia	100	-
Raging Thunder Retail Pty Ltd	Australia	100	-
White Water Rafting Qld Pty Ltd	Australia	100	-
Raging Thunder Balloon Adventures Pty Ltd	Australia	100	-
Rescue Training Group Pty Ltd	Australia	100	-
ILB Pty Ltd	Australia	100	-
Reef Magic Cruises Pty Ltd	Australia	100	-

22 Segment information

Identification of reportable segments

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

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

The Group has identified the following reportable operational segments:

- Skydive Operations
- Other Adventure Experiences

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

(i) Segment performance

30 June 2017	Skydiving $000	Other Adventure Experiences $000	Total $000
Revenue			
Sales revenue	78,207	11,359	89,566
Inter-segment elimination			-
	78,207	11,359	89,566
Other income	1,021	0	1,021
Inter-segment elimination			-
	1,021	0	1,021
Reconciliation of segment result to group net profit/loss before tax			
Segment net profit/(loss) loss before tax	12,613	955	13,568
Inter-segment elimination			-
Net profit/(loss) before tax from continuing operations	12,613	955	13,568
Income tax expense	(3,853)	(234)	(4,086)
Total profit/(loss) after tax	**8,760**	**722**	**9,482**
Finance costs	1,228	27	1,255
Inter-segment elimination			-
Total finance costs	**1,228**	**27**	**1,255**
Depreciation and amortisation expense	**5,437**	**728**	**6,165**

30 June 2016			
Revenue			
Sales revenue	58,473	-	58,473
Other income	1,262	-	1,262
Reconciliation of segment result to group net profit/loss before tax			
Segment net profit/(loss) loss before tax	9,189	-	9,189
Income tax expense	(2,031)	-	(2,031)
Total profit/(loss) after tax	**7,158**	**-**	**7,158**
Finance costs	**(669)**	**-**	**(669)**
Depreciation and amortisation expense	**(3,599)**	**-**	**(3,599)**

(ii) Segment assets

30 June 2017			
Segment assets	129,716	9,864	139,580
			139,580

30 June 2016			
Segment assets	87,808	-	87,808
			87,808

(iii) Segment liabilities

30 June 2017			
Segment liabilities	37,966	7,119	45,085
			45,085

30 June 2016			
Segment liabilities	17,761	-	17,761
			17,761