LifeFlight Australia Limited

(previously CareFlight Group Limited)

ABN 45 010 316 462

Financial Statements

For the Year Ended 30 June 2016

LifeFlight Australia Limited
ABN 45 010 316 462

Contents
For the Year Ended 30 June 2016

LifeFlight Australia Limited
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Directors' Report
For the Year Ended 30 June 2016

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2016.

Information on directors and officers

The names of each person who has been a director and/or officer during the year and to the date of this report are:

Hon. Rob Borbidge AO	Director (non-Executive) until 30 June 2013 then became Chairman from 1 July 2013
Appointed	6 September 2012
Other LifeFlight Australia Limited Responsibilities	- Director - StarFlight Australia Pty Ltd - Director - LifeFlight Retrieval Medicine Limited - Director - Sunshine Coast Helicopter Rescue Service Limited - Projects Committee Member
Other affiliations	- Chairman - Legacy Committee for the 2018 Commonwealth Games - Chairman - Study Gold Coast - Member of Council of Griffith University - Chairman of the Board of Advice, Institute for Glycomics - Board Member for Griffith Foundation and on the Board of Trustees of the Friends of Griffith (incorporated in US)
Background	The 35th Premier of Queensland, Rob Borbidge led a minority National Liberal Coalition Government from 1996 to 1998. He served in senior Cabinet posts, was Deputy Leader and Leader of the Opposition before retiring in 2001 after serving more than 20 years as the Member for Surfers Paradise.
Donald Moffatt	Deputy Chairman (non-Executive)
Appointed	1 July 2013
Other LifeFlight Australia Limited Responsibilities	- Chairman - Sunshine Coast Helicopter Rescue Service Limited - Director - LifeFlight Retrieval Medicine Limited - Life Member - LifeFlight Australia Limited
Other affiliations	Moffatt Property Development Group
Background	Don has been a Board Member and Chairman of the Sunshine Coast Helicopter Rescue Service for 16 Years. After serving his country the Kingaroy boy entered business in 1972 and has been a successful property developer based on the Sunshine Coast ever since. Don served as Chairman of Tourism Sunshine Coast for seven years and Board Member, as a Director and Deputy Chairman of Sunshine Coast Turf Club over a period of 17 years and several years on the Board of Queensland Principal Club (not Queensland Racing).
Ashley van de Velde	Director (Executive)
Qualifications	MBA, FAICD
Appointed	1986
Other LifeFlight Australia Limited Responsibilities	- Group Chief Executive Officer - Director - LifeFlight Retrieval Medicine Limited - Director - Sunshine Coast Helicopter Rescue Service Limited - Director - Aeromed Qld Pty Ltd - Director - CareFlight Australia Limited - Director - CareFlight Group Australia Limited - Director & Secretary - CareFlight Air Ambulance Pty Ltd - Director - StarFlight Australia Pty Ltd - Director - CareFlight Aeromedical Limited - Director - LifeFlight Singapore Limited - Life Member - LifeFlight Australia Limited - Finance Committee Member - Quality & Safety Committee Member - Projects Committee Member
Background	Ashley has been CEO of the organisation for more than two decades. With the organisation from the beginning, the then Queensland Water Police Officer volunteered as an aircrewman back in 1981. Ashley's contribution to the growth and development of LifeFlight over the last 32 Years has been its driving force.

Directors' Report
For the Year Ended 30 June 2016

Information on directors and officers (continued)

Stewart Morland	Director (non-Executive) Chairman from November 2011 until July 2013
Appointed	2006
Other LifeFlight Australia Limited Responsibilities	- Director - LifeFlight Retrieval Medicine Limited - Director - Sunshine Coast Helicopter Rescue Service Limited - Member - CareFlight South West Community Advisory Board - Projects Committee Member
Other affiliations	Stewart holds numerous Director positions for companies such as IOR, Inland Oil, OEQ, Hemmant Shipway, Henty Demgar, Dalon, Mudstone and several others.
Background	Stewart has been involved in the Australian Energy sector for more than 25 years. Since his first venture in the Eromanga Basin in the 1990s, Stewart has been at the forefront of the upstream development in Australia's oil and gas sectors. This involvement led to the growth and evolution of the IOR Group into one of Australia's leading suppliers of fuels and storage systems for fuel in the coal seam and shale gas sectors. His company has also established a network of unmanned refuelling stations throughout Australia, and operates an oil refinery in the Eromanga Basin. Stewart's additional business interests include transport, aviation and marine charger and computer software/hardware development. Stewart has a strong commitment to philanthropic endeavours.
Peter Young	Director (non-Executive)
Qualifications	Bachelor of Applied Science
Appointed	1989
Other LifeFlight Australia Limited Responsibilities	- Director & Company Secretary - LifeFlight Retrieval Medicine Ltd - Director - Sunshine Coast Helicopter Rescue Service Limited - Life Member - LifeFlight Australia Limited - Director - CareFlight Australia Pty Ltd - Director and Company Secretary - Aeromed Qld Pty Ltd - Director and Company Secretary - CareFlight GC Limited - Director and Company Secretary - CareFlight Group Australia Pty Ltd - Director - CareFlight Aeromedical Limited
Background	Peter grew up at Sandgate, Brisbane and was educated at St Patrick's college Shorncliffe and St Joseph's College, Gregory Terrace. Peter worked in Redcliffe after leaving school until 1982 and has been self-employed since then. Until recently he owned and operated a tourism operation at the Bunya Mountains.
Rodney Forrester	Director (non-Executive)
Appointed	1 July 2013
Other LifeFlight Australia Limited Responsibilities	- Director - Sunshine Coast Helicopter Rescue Service Limited - Director - LifeFlight Retrieval Medicine Limited - Projects Committee Member
Other affiliations	- Founding Chairman - Matthew Flinders Anglican College - Past Deputy Chancellor, Board Member and Chairman of their Capital Work's Committee - University of Sunshine Coast - Past Board Member - Innovation Centre Sunshine Coast Pty Ltd
Background	Rod Forrester has been a Board member for the Sunshine Coast Helicopter Rescue Service since 2002. He was appointed to the LifeFlight Group Board after the merger of the LifeFlight Australia Limited and Sunshine Coast Helicopter Rescue Service on 1 July 2013. Rod was Managing Director of FKP Limited to 2003, Australia's largest owner/operator of retirement villages and one of the nation's top 200 ASX listed companies. Rod still works in property development, co-founding Aria Property Group.

Directors' Report

For the Year Ended 30 June 2016

Information on directors and officers (continued)

William Freeman	Director (non-Executive)
Appointed	1 July 2013
Other LifeFlight Australia Limited Responsibilities	- Director - Sunshine Coast Helicopter Rescue Service Limited - Director - LifeFlight Retrieval Medicine Limited - Life Member - LifeFlight Australia Limited
Other affiliations	- Life Member & Director - Mooloolaba Surf Life Saving Club - Emeritus Surveyor - Institution of Surveyors Australia
Background	Bill has been a Director for the Sunshine Coast Helicopter Rescue Service for 15 years. Bill was a director and partner of a major urban consultancy group. He retired in 1996. He has continuing interests in Land Development and enjoys sport. He is also a keen supporter of local community groups.
Colin Archer	Director (non-Executive)
Qualifications	CA, B. Ec
Appointed	1 July 2013
Other LifeFlight Australia Limited Responsibilities	- Director - LifeFlight Retrieval Medicine Limited - Director - Sunshine Coast Helicopter Rescue Service Limited - Member of the Finance Committee
Other affiliations	- Archer Gowland Chartered Accountants - Archers Body Corporate Management
Background	Colin is an experienced accountant and respected strata industry leader having founded Archer Gowland Chartered Accountants in 1981 and Archers Body Corporate Management in 1982. Colin has had a lifetime association with the grazing industry as Managing Director of Archer Rural. He is an experienced public company director and is presently Chairman of Retail Food Group Ltd.
Paul Turner	Director & RACQ nominated executive (non-Executive)
Qualifications	Grad Dip Financial Markets SIA, GAICD
Appointed	2010
Other LifeFlight Australia Limited Responsibilities	- Director - LifeFlight Retrieval Medicine Limited - Director - Sunshine Coast Helicopter Rescue Service Limited
Other affiliations	Executive General Manager Advocacy - RACQ
Background	Paul Turner has worked for more than 30 years in media, politics, public relations and corporate communications for companies such as Bank of Queensland and Origin Energy. Paul Turner is Executive General Manager Advocacy for RACQ and represents RACQ on LifeFlight Australia Limited's Board.

Directors' Report
For the Year Ended 30 June 2016

Information on directors and officers (continued)

Hon. Jim Elder	Director (non Executive)
Appointed	29 September 2015
Other LifeFlight Australia Limited Responsibilities	- Chairman - LifeFlight Retrieval Medicine Limited - Director - Sunshine Coast Helicopter Rescue Service Limited - Projects Committee Member
Other affiliations	- Director - Centurion Group of Companies - Director - Sea-safe Australia - Director- APIED Ltd Australia - Director - British Borneo Petroleum Australia - Chairman - Enhance Group
Background	Former Deputy Premier of Queensland, Hon. James (Jim) Elder has a long history of serving Queensland Communities. During more than 12 years of parliamentary service with the Queensland Government, Jim worked across portfolios in State Development and Trade, Transport, Health, Business, Industry and Regional Development, as well as Youth, Sport and Recreation. As well as an integral knowledge of government policy, Jim specialises in business development and Government interaction with the private sector initiatives. Through his career, Jim has created a solid record of business and project development achievements. Jim has also been instrumental in attracting a number of high profile businesses to Queensland.
Sarah Mahaffey-Verlinden	Company Secretary - LifeFlight Australia Limited
Qualifications	GAICD
Appointed	30 March 2015
Other LifeFlight Australia Limited Responsibilities	Company Secretary - Sunshine Coast Helicopter Rescue Service Limited
Background	Sarah Mahaffey-Verlinden has worked for more than 15 years in business management, media and communications and business development for companies such as the UK National Health Service, McKinsey & Company (UK) and Lloyds Banking Group (UK) prior to commencing with LifeFlight Group Limited in 2012.

Directors and officers have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on directors and officers (continued)

Meetings of Directors

	Board Meetings		Finance Committee Meetings		Quality and Service Committee Meetings		Project Committee Meetings	
	A	B	A	B	A	B	A	B
Robert Borbidge	11	12	-	-	-	-	3	4
Donald Moffatt	7	12	-	-	-	-	-	-
Steward Morland	8	12	-	-	-	-	4	4
Peter Young	11	12	-	-	-	-	-	-
Ashley van de Velde	12	12	3	7	2	6	2	4
Rodney Forrester	10	12	-	-	-	-	2	4
Colin Archer	10	12	6	7	-	-	-	-
Paul Turner	9	12	-	-	-	-	-	-
William Freeman	5	12	-	-	-	-	-	-
Jim Elder	7	7	-	-	-	-	4	4

A – Number of meetings attended
B – Number of meetings held during the time the director held office during the year

Members guarantee

LifeFlight Australia Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to $20, subject to the provisions of the company's constitution.

At 30 June 2016 the collective liability of members was $940 (2015: $1,100).

Board processes

To assist in the execution of its responsibilities, the board has established three board subcommittees. These are the Group Finance Committee, the Group Quality and Safety Committee and the Group Project Committee. Members of the Committees are a combination of Board and Executive personnel who operate to the Committee Charter. Members meet every six weeks or more regularly if required. Proceedings are minuted and reported upward along with recommendations to the board.

Finance committee

The Finance Committee is tasked by the board of Directors to assist the board in discharging its oversight responsibilities. The Committee will provide oversight and advice on the financial activities of the organisation and the financial reporting process to ensure the balance, transparency and integrity of published financial information. The Committee will also review the following:

- The effectiveness of the company's financial risk management activities
- The conduct of the independent audit process, including recommending the appointment and assessing the performance of the external auditor.

Directors' Report

For the Year Ended 30 June 2016

Board processes (continued)

In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, executive management and external auditors. To perform their role effectively, each committee member will develop and maintain their skills and knowledge, including an understanding of the committee's responsibilities and of the company's business, operations and risk.

Quality and safety committee

The Quality and Safety Committee (Committee) has been established by the Board of Directors of LifeFlight Australia Limited (Company) and applies to the Company and its subsidiaries and related companies (Group) to support and advise the Board of Directors (board) in fulfilling its responsibilities to all stakeholders of the Company by:

- Assisting the board in fulfilling its development, oversight and review responsibilities for the safety culture and safety management processes as defined by safety policies published within the Group
- Assisting the board in fulfilling its development, oversight and review responsibilities for the quality management systems adopted within the Group
- Implementing and supervising the Group's operational risk assessment framework, including but not limited to workplace health and safety.

Project committee

The project committee was formed during the course of the year to provide the Board of Directors with a dedicated committee which provides advice and guidance on major projects. Responsibility of the Committee includes, but is not limited to:

- Prepare and review business cases
- Prepare financial models and estimates
- Provide business case risk and viability assessment
- Generally help the board understand project status

In performing its duties the Project Committee will ensure clear and regular communication with the board and other stakeholders.

Principal activity and financial results

For the year ended 30 June 2016 the Group reported a consolidated net surplus of $ 942,927 (2015: $3,858,417). The current year surplus consisted of a surplus from operating activities of $861,168 (2015: $1,154,935) and an accounting (non-cash) gain of $81,759 (2015: $2,703,482) on financial hedge instruments arising from the purchase and associated foreign exchange, and interest rate, hedging of two AW139 helicopters.

The company continues to deliver quality air medical rescue and training services from its Queensland bases. During the year LifeFlight maintained its fixed wing and rotary wing air operator's certificates, its ISO 9001 - 2008 quality accreditation; state-wide accredited training facility status with three critical care colleges and its Registered Training Organisation (RTO).

During the year ended 30 June 2016, LifeFlight operated 5 CHP bases, 2 commercial bases and fixed wing bases. This allowed LifeFlight to provide critical care service to support Queensland and northern New South Wales communities 24 hours a day, seven days a week.

Through the course of the financial year the LifeFlight community helicopters flew 1,864 missions from the bases at Toowoomba, Bundaberg, Gold Coast and Sunshine Coast, treating and airlifting 1,767 patients. The third AW139 was acquired to support the community helicopter model into the future and will be operation in late 2016.

Directors' Report
For the Year Ended 30 June 2016

Principal activity and financial results (continued)

The LifeFlight model, which is a unique partnership of provider, Government, the community and corporate Queensland, provides a service that is cost efficient and sustainable. The support from Government, the community and corporate sponsorship continues to sustain the service, and is further supported by a strong portfolio of commercial operations that not only continue to underwrite our community service but also enhance it though synergies of expertise and equipment.

The fleet replacement program continues with delivery of the third AW139 occurring during the financial year.

Looking forward

The company continues to be committed to providing air medical excellence to the Queensland community, across a region that represents 75% of the state's population, as well as the delivery of industry leading training to both internal customers and commercial clients. The company is well-positioned as a "provider of choice" and continues to focus on safety, quality and the development of processes and systems to provide further improvements to efficiency and effectiveness.

During the 2015/16 financial year, LifeFlight Training Academy partnered with Thales Australia Ltd to install and manage Queensland's first CASA accredited full motion simulator. The simulator has full AW139 capability and will be used to train LifeFlight employees as well as be commercially available to the domestic and international aviation market into the next financial year.

LifeFlight has entered into a contract with the RFDS utilising the LifeFlight C3 facilities. This will allow RFDS to utilise our facilities to provide full command, control and tasking services over their Queensland bases aircraft fleet.

LifeFlight remains committed to serving the communities of Queensland and providing quality aero medical care in times of need.

Events after the reporting date

During the financial year ended 30 June 2016, the Company received notification the Curtis Island Rotary Wing Aeromedical contract will be terminated. The effective date of termination of the contract services was 11 September 2016.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Auditors Independence Declaration

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

Signed in accordance with a resolution of the Board of Directors:

Director: .... Director: ....

Dated this .....7th..... day of .....November..... 2016

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AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF LIFEFLIGHT GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been no contraventions of any applicable code of professional conduct in relation to the audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

DARREN LAARHOVEN
Partner

Brisbane, 7 November 2016

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UHY Haines Norton is an association of independent firms in Australia and New Zealand and a member of UHY, an international association of independent accounting and consulting firms.

Not your average bean counters...

LifeFlight Australia Limited
ABN 45 010 316 462

Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2016

	Note	2016 $	2015 $
Government funding		20,695,016	31,572,692
Fundraising and sponsorship		9,377,280	8,109,301
Call centre (includes merchandise)		2,332,736	2,342,525
Training		2,293,331	2,472,129
Medical and commercial AME		38,826,931	22,377,044
Other revenue		1,363,582	711,626
Total revenue from operating activities		74,888,876	67,585,317
Helicopter operations - community		(23,645,269)	(19,837,333)
Finance costs	5	(2,846,175)	(2,137,167)
Fundraising and sponsorship		(1,400,320)	(1,405,607)
Call centre (includes merchandise)		(1,697,973)	(1,653,921)
Training		(2,802,079)	(2,885,760)
Shared services and other		(6,714,786)	(5,723,212)
Medical and commercial AME		(34,930,922)	(32,765,890)
Share of net (loss)/profit of associates and joint ventures		9,816	(21,492)
Surplus from operating activities		861,168	1,154,935
Net gain on financial instruments at fair value through profit or loss	6	81,759	2,703,482
Surplus for the year		942,927	3,858,417
Other comprehensive income for the year		-	-
Total comprehensive income for the year		942,927	3,858,417
Surplus attributable to:			
Members of the parent entity		942,927	3,858,417
Total comprehensive income attributable to:			
Members of the parent entity		942,927	3,858,417

The accompanying notes form part of these financial statements.

LifeFlight Australia Limited
ABN 45 010 316 462

Consolidated Statement of Financial Position

As At 30 June 2016

	Note	2016 $	2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	**9,496,219**	10,144,219
Trade and other receivables	9	**7,889,049**	7,525,560
Inventories	10	**386,292**	393,926
Other financial assets	11	**-**	3,468,559
Other assets	12	**436,570**	579,857
Non-current assets held for sale	13	**-**	524,124
TOTAL CURRENT ASSETS		**18,208,130**	22,636,245
NON-CURRENT ASSETS			
Trade and other receivables	9	**502,966**	50,000
Property, plant and equipment	14	**76,313,263**	63,668,722
Intangible assets	15	**155,097**	215,306
Investments accounted for using the equity method	16	**1,312,199**	1,302,383
TOTAL NON-CURRENT ASSETS		**78,283,525**	65,236,411
TOTAL ASSETS		**96,491,655**	87,872,656
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	**8,258,713**	11,059,983
Financial liabilities	18	**10,101,160**	6,731,077
Provisions	19	**3,714,785**	3,483,282
Other financial liabilities	20	**-**	765,077
TOTAL CURRENT LIABILITIES		**22,074,658**	22,039,419
NON-CURRENT LIABILITIES			
Trade and other payables	17	**46,537**	46,537
Financial liabilities	18	**47,385,161**	39,807,491
Provisions	19	**542,563**	522,957
Other liabilities	21	**3,504,648**	3,461,091
TOTAL NON-CURRENT LIABILITIES		**51,478,909**	43,838,076
TOTAL LIABILITIES		**73,553,567**	65,877,495
NET ASSETS		**22,938,088**	21,995,161
EQUITY			
Accumulated surplus		**22,938,088**	21,995,161
TOTAL EQUITY		**22,938,088**	21,995,161

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2016

2016

	Accumulated surplus $	Total $
Balance at 1 July 2015	**21,995,161**	**21,995,161**
Comprehensive income		
Surplus for the year	**942,927**	**942,927**
Other comprehensive income	-	-
Total comprehensive income for the year	**942,927**	**942,927**
Balance at 30 June 2016	**22,938,088**	**22,938,088**

2015

	Accumulated surplus $	Total $
Balance at 1 July 2014	18,136,744	18,136,744
Comprehensive income		
Surplus for the year	3,858,417	3,858,417
Other comprehensive income	-	-
Total comprehensive income for the year	3,858,417	3,858,417
Balance at 30 June 2015	21,995,161	21,995,161

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2016

	Note	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and supporters		**78,939,825**	71,262,002
Payments to suppliers and employees		**(71,549,127)**	(61,728,149)
Interest received		**104,755**	146,074
Finance costs		**(3,227,943)**	(2,167,938)
Net cash provided by operating activities		**4,267,510**	7,511,989
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**2,513,134**	92,067
Purchase of intangible assets	15(a)	**(12,875)**	(144,343)
Purchase of property, plant and equipment	14(d)	**(28,750,403)**	(10,744,669)
Loans to related parties - payments made		**(12,500)**	-
Net cash used in investing activities		**(26,262,644)**	(10,796,945)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		**26,065,771**	8,881,686
Repayment of borrowings		**(2,662,465)**	(2,380,690)
Payment of finance lease liabilities		**(2,247,350)**	(2,502,793)
Net cash acquired from merger with North Queensland Helicopter Rescue Service Inc.	4(a)	**191,178**	-
Net cash used in (provided by) financing activities		**21,347,134**	3,998,203
Net increase in cash and cash equivalents held		**(648,000)**	713,247
Cash and cash equivalents at beginning of year		**10,144,219**	9,430,972
Cash and cash equivalents at end of financial year	8	**9,496,219**	10,144,219

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

The financial report covers LifeFlight Australia Limited and its controlled entities ('the Group'). LifeFlight Australia Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

With effect from 13 June 2016, the company changed its name from CareFlight Group Limited to LifeFlight Australia Limited.

The financial report was authorised for issue on .7.. November 2016 by the Directors of the Company.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, accounting interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs except for derivative financial instruments that have been measured at fair value.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Statement of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by LifeFlight Australia Limited at the end of the reporting period. A controlled entity is any entity over which LifeFlight Australia Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 22 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(b) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date

Goodwill or a gain may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the assets, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then for any remaining balance, a gain from bargain purchase recognised in surplus or deficit.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

2 **Statement of Significant Accounting Policies (continued)**

(b) Business combinations (continued)

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through surplus or deficit.

(c) Jointly controlled entities

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement.

The Group's interest in jointly controlled entities are accounted for using the equity method. The investments are carried at the lower of the equity accounted amount and the recoverable amount.

The Group's share of the jointly controlled entities' post-acquisition surplus or deficit is recognised in the consolidated statement of comprehensive income from the date that joint control commences until the date that joint control ceases. The Group's share of post-acquisition movement in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying value of the investment. Dividends reduce the carrying amount of the equity accounted investment.

When the Group's share of losses exceeds its equity accounted carrying value of a jointly controlled entity, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of a jointly controlled entity.

Refer to Note 16 for details of interests in jointly controlled entities.

(d) Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

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

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2016

2 Statement of Significant Accounting Policies (continued)

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

(g) Assets classified as held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continued use are classified as held for sale. Immediately before classification as held for sale, the measurement of the assets is remeasured in accordance with the Group's accounting policies. Thereafter, the assets are measured at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the consolidated statement of comprehensive income.

(h) Financial Instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in surplus or deficit or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the consolidated statement of comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

2 Statement of Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in surplus or deficit.

The Group's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the receivable.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Group has some derivatives which are designated as financial assets at fair value through profit or loss as they do not qualify for hedge accounting.

Assets included within this category are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in surplus or deficit.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Group's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in surplus or deficit.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

2 Statement of Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. Available-for-sale financial assets include listed securities.

Available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in surplus or deficit when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the surplus or deficit.

Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the consolidated statement of comprehensive income.

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Group's financial liabilities include borrowings, derivative financial instruments, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of Financial Assets

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred , the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to surplus or deficit as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

2 Statement of Significant Accounting Policies (continued)

(i) Income taxes

The company and its subsidiaries that are not dormant are charitable entities for the purposes of Australian taxation legislation and are therefore exempt from income tax. The company and those subsidiaries which are not dormant hold deductible gift recipient status.

(j) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight-line method from the date that management determine the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the asset's useful life.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5% - 10%
Plant and Equipment	5% - 50%
Motor Vehicles	18.75% - 20%
Leasehold improvements	2.5% - 40%
Aircraft	2.5% - 33%
Medical equipment	15% - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Maintenance and Overhaul Costs

An element of the cost of an acquired aircraft is attributed to its service potential and reflects the maintenance condition of its engines and other significant components. This cost is depreciated over the shorter of the period to the next major overhaul event or the remaining life of the asset.

The cost of subsequent major cyclical maintenance are capitalised and depreciated over the shorter of the scheduled usage period to the next major overhaul event or the remaining life of the aircraft (as appropriate)

All other maintenance costs are expensed as incurred.

Modifications that enhance the operating performance or extend the useful lives of aircraft are capitalised and depreciated over the remaining estimated useful life of the asset (as appropriate).

2 Statement of Significant Accounting Policies (continued)

(k) Intangibles

Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and five years.

Amortisation

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of assets

At the end of each reporting period, the Group determines whether there is any evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Value in use is measured as the depreciated replacement cost of an asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Group would, if deprived of the asset, replace its remaining future economic benefits.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in the consolidated statement of comprehensive income.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(m) 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 the consolidated statement of comprehensive income in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2016

2 Statement of Significant Accounting Policies (continued)

(n) Leases

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

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased asset 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.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. The lease is not recognised in the consolidated statement of financial position.

Lease incentives

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

(o) Provisions

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

(p) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than 12 months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in surplus or deficit.

Employee benefits are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes.

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in the consolidated statement of comprehensive income in the periods in which services are provided by employees.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

2 **Statement of Significant Accounting Policies (continued)**

(q) **Revenue**

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

Sale of goods

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

Rendering of services

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Insurance recoveries

Claims raised on insurance companies for cost recovery on missions are treated as income when funds are received. The Group is unable to determine with any degree of certainty whether the claim submitted by the injured party will be successful.

Donations

Donations and bequests are recognised as revenue when banked. In-kind donations are included at the fair value to the Group where this can be quantified reliably.

No amounts are included in the financial statements for services donated by volunteers.

Interest revenue

Interest is recognised as it accrues using the effective interest method.

Asset sales

The gain or loss on disposal of all non-current assets and available-for-sale financial investments is determined as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

Grant revenue

The Group's community helicopter activity is supported by grants received from the state government. Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when the Group obtains control of the funds.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

2 Statement of Significant Accounting Policies (continued)

(r) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(s) Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting judgements

Leases

The Group has entered into leases of premises, aircraft, motor vehicles and other equipment as disclosed in Note 25. Management has determined that all of the risks and rewards of ownership of premises and the various leased plant and equipment remained with the lessor and has therefore classified the leases as operating leases.

Grants received

The Group has received a number of government grants during the year. The Group assesses the terms and conditions of each grant to determine whether the funds relate to a reciprocal grant (i.e. payment for services rendered), in which case it is accounted for under AASB 118 *Revenue*, or a non-reciprocal grant, in which case it is accounted for under AASB 1004 *Contributions*.

Significant accounting estimates and assumptions

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Provisions for employee benefits

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service, as discussed in Note 2(p). The amount of these provisions would change should any of these factors change in the next 12 months.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

2 Statement of Significant Accounting Policies (continued)

(s) Significant accounting judgements, estimates and assumptions (continued)

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The assessment of recoverable amounts incorporate a number of key estimates.

No impairment losses were recognised in the Group's 2015 and 2014 consolidated financial reports.

(t) Going concern

As at 30 June 2016 the Group had a deficiency in net current assets of $3,866,528 (2015: $2,871,733 deficiency in net current assets after eliminating the derivative financial assets). Notwithstanding the deficiency, the financial report has been prepared on the going concern basis which contemplates the continuity of normal business activity and realisation of assets and settlement of liabilities in the normal course of business. This basis has been adopted as:

- the Group has continued to generate a net increase in cash flows from operating activities of $4,267,510 (2015: $7,511,989);
- a portion of the Group's current interest bearing liabilities are fully funded through contractual cashflows with customers;
- as disclosed at Note 18(a), the Group's current financial liabilities include an amount of $3,293,285 (2015: $2,357,842) relating to balances on aircraft facilities which are contractually due within 12 months or less from the end of the reporting period. The Group has successfully renegotiated the terms of these facilities subsequent to the end of the financial year and therefore do not expect that the full amount of the current liability will be settled within the next 12 months;
- LifeFlight Australia Limited has entered into an agreement with the State of Queensland, acting through the Public Safety Business Agency, for a funding program over 10 years for the Group's Community Helicopter Provider operations in the future;
- the Group has sufficient reserves on hand at year end to fund its ongoing operations;
- budgets and cash flow forecasts for the 2016-17 financial year indicate the retention of a strong cash balance at the next reporting date of 30 June 2017; and
- the directors and management believe the Group will be able to pay its debts as and when they fall due and will continue in operation without any intention or necessity to liquidate or otherwise wind up its operations

On this basis, the directors believe that it is appropriate for the financial report of the Group to be prepared on the going concern basis.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2016

3 Parent Information

The following information has been extracted from the books and records of the parent as an individual entity and has been prepared in accordance with accounting standards.

	2016	2015
	$	$
Statement of financial position		
Current assets	**15,649,011**	19,952,868
Total assets	**93,086,046**	84,529,908
Current Liabilities	**20,380,188**	20,410,608
Total liabilities	**78,305,602**	70,267,010
Retained surpluses	**14,780,444**	14,262,898
Total equity	**14,780,444**	14,262,898
Statement of comprehensive income		
Surplus for the year	**517,546**	3,434,248
Total comprehensive income for the year	**517,546**	3,434,248

4 Revenue

		2016	2015
		$	$
Sale of goods (net)		**591,990**	589,354
Rendering of services		**41,115,668**	24,840,313
Sponsorship		**4,907,270**	4,181,252
Donations		**6,210,755**	5,681,220
Government funding		**20,695,016**	31,572,692
Interest received		**104,755**	146,074
Other income	(a)	**1,263,422**	574,412
		74,888,876	67,585,317

(a) Contribution of net assets from North Queensland Helicopter Rescue Service Inc.

On 1 July 2015, North Queensland Helicopter Rescue Service Inc. ('NQHRS') merged its operations with LifeFlight Australia Limited ('LFA') to ensure critical care air medical services continue to be provided to the communities of North Queensland.

In June 2015, NQHRS and LFA entered into a deed of agreement with an effective date of 1 July 2015. As part of the deed of agreement, NQHRS transferred its net assets to LFA on that date. A contribution of $221,630 was received and represents the net fair value of the assets gifted to and liabilities assumed by LFA. The assets contributed included plant and equipment of $67,001 (see Note 14(e)), trade receivables of $76,132 and cash of $191,178 as disclosed in the consolidated statement of cash flows. The net contribution of $221,630 has been recognised in 'other income'.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

5 Surplus for the Year

Surplus for the year includes the following specific expenses:

	Note	2016 $	2015 $
Cost of sales		438,386	398,306
Net loss on disposal of property, plant & equipment		612,221	53,407
Finance Costs			
- Interest paid		3,227,943	2,369,590
- Loss on exchange differences		202,544	121,411
- Interest capitalised in non-current assets	14(c)	(584,312)	(353,834)
		2,846,175	2,137,167
Bad and doubtful debts			
- Trade receivables		32,883	-
Rental expense on operating leases			
- Minimum lease payments		5,447,817	4,552,451
Depreciation, amortisation and impairment			
- Depreciation expense	14(e)	6,689,801	6,035,092
- Amortisation expense	15(a)	73,084	51,520
		6,762,885	6,086,612
Employee benefits expense			
Salaries, wages and fringe benefits		33,761,733	30,513,540
Compulsory superannuation contributions		2,980,411	2,772,144
Increase in provision for employee benefits		251,109	617,736
Total employee benefits expense		36,993,253	33,903,420

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

6 Individually significant items

The following items are significant to the financial performance of the Group, and so are listed separately here.

	Note	2016 $	2015 $
Net gain on financial instruments at fair value through profit or loss	(a)	**81,759**	2,703,482

(a) Net gain on financial instruments at fair value through profit or loss

For the financial year ended 30 June 2015, the net gain on financial instruments at fair value through profit or loss relates to a gain of $3,468,559 on foreign exchange forward contracts and a loss of $765,077 on interest rate swaps. The interest rate swaps did not qualify for hedge accounting. Refer to Note 11 and Note 20 respectively for further details on the financial instruments of the Group.

During the financial year ended 30 June 2016, the financial instruments were realised upon finalisation of the acquisition of the two new Agusta AW139 helicopters. The net gain on financial instruments at fair value through profit or loss relates to a gain of $936,941 on foreign exchange forward contracts and a loss of $855,182 on interest rate swaps.

7 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company and the Group was $847,180 (2015: $1,090,154).

Included in the above total remuneration paid to key management personnel is $405,319 (2015: $409,813) paid to directors within the Group in their capacity as employees or consultants. These directors were Ashley van de Velde, Rob Borbidge (as Chairman), Peter Young and Jim Elder (as Chairman).

The directors of the company and the Group do not receive any remuneration for their services in their capacity as directors with the exception of the Chairman of LifeFlight Australia Limited and the Chairman of LifeFlight Retrieval Medicine Limited.

Other Key Management Personnel Transactions

For details of other transactions with key management personnel, refer to Note 26: Related Party Transactions.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

8 Cash and cash equivalents

	2016 $	2015 $
Cash on hand	57,185	35,796
Cash at bank	8,274,485	9,084,139
Short-term bank deposits	1,164,549	1,024,284
	9,496,219	10,144,219

9 Trade and other receivables

	2016 $	2015 $
CURRENT		
Trade receivables	7,535,234	6,090,128
Deposits	226,550	67,039
Other receivables	127,265	1,368,393
	7,889,049	7,525,560
NON-CURRENT		
Deposits	440,466	-
Related party receivables	62,500	50,000
	502,966	50,000

10 Inventories

	2016 $	2015 $
CURRENT		
At Cost		
Finished goods	25,320	32,954
Aircraft spare parts	360,972	360,972
	386,292	393,926

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2016

11 Other financial assets

	2016	2015
	$	$
CURRENT		
Financial instruments at fair value through profit or loss		
Derivatives not designated as hedges		
Foreign exchange forward contracts	-	3,468,559
	-	3,468,559

Financial instruments at fair value through profit or loss

For the financial year ended 30 June 2015, financial instruments through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that were not designated in hedge relationships, but were, nevertheless, intended to reduce the level of foreign currency risk for future transactions. The fair value of the instruments are based on the marked-to-market value provided by the Group's financier.

The Group's foreign exchange forward contracts at the end of the 2015 reporting period were held for the purpose of acquiring two new Agusta AW139 helicopters. The two foreign exchange forward contracts committed the Group to buy US$9,944,000 each in the future at exchange rates of $0.884 and $0.8808.

The increase in fair value of the foreign exchange forward contracts of $3,468,559 was recognised in the 'net gain on financial instruments at fair value through profit or loss' line in the consolidated statement of comprehensive income.

During the current financial year, the financial instruments were realised upon finalisation of the acquisition of the two new Agusta AW139 helicopters. Refer to Note 6 for the resulting impact on the consolidated statement of comprehensive income.

12 Other Assets

	2016	2015
	$	$
CURRENT		
Prepayments	**436,570**	579,857
	436,570	579,857

13 Assets held for sale

	2016	2015
	$	$
Non-current assets held for sale		
Property, plant and equipment	-	524,124
	-	524,124

At 30 June 2015, non-current assets held for sale comprised of a Bell 206 aircraft. Due to a change in operations, the Bell 206 aircraft was surplus to the Group's operations. The Group finalised the sale of the aircraft in August 2015.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

14 Property plant and equipment

	2016 $	2015 $
Buildings		
At cost	3,282,621	4,068,564
Less accumulated depreciation	(350,256)	(689,311)
Total buildings	2,932,365	3,379,253
Plant and equipment		
At cost	5,341,531	5,040,383
Less accumulated depreciation	(2,873,681)	(2,920,252)
Total plant and equipment	2,467,850	2,120,131
Motor vehicles		
At cost	608,280	607,158
Less accumulated depreciation	(384,543)	(407,915)
Total motor vehicles	223,737	199,243
Leasehold improvements		
At cost	811,337	659,203
Less accumulated depreciation	(459,683)	(422,615)
Total leasehold improvements	351,654	236,588
Aircraft		
At cost	86,721,763	73,266,188
Less accumulated depreciation and impairment	(17,018,193)	(16,069,785)
Total aircraft	69,703,570	57,196,403
Medical equipment		
At cost	2,741,424	2,346,254
Less accumulated depreciation	(2,107,337)	(1,809,150)
Total medical equipment	634,087	537,104
Total plant and equipment	73,380,898	60,289,469
Total property, plant and equipment	76,313,263	63,668,722

(a) Assets under construction

The carrying value of property, plant and equipment relating to expenditure on assets under construction or not yet available for use was as follows:

	2016 $	2015 $
Plant and equipment	143,919	302,054
Aircraft	-	22,557,810
	143,919	22,859,864

14 Property plant and equipment (continued)

(b) Leased assets

Included in the net carrying amount of property, plant and equipment are the following amounts where the Group is a lessee under a finance lease (including hire purchase arrangements):

	2016	2015
	$	$
Buildings (hangar)	1,421,400	1,587,000
Motor vehicles	28,682	43,480
Aircraft	11,244,610	13,688,394
	12,694,692	15,318,874

(c) Capitalised borrowing costs

The Group entered into a contract to acquire two new Agusta AW139 helicopters in September 2014. The construction of the aircraft, required modifications and fitout were completed during the financial year ended 30 June 2016. The carrying amount of the two Agusta AW139 aircraft at 30 June 2016 was $37,202,886 (2015: $21,971,865). The 2015 carrying value includes the full purchase price of the first aircraft which was accepted by the Group in June 2015, deposits paid for the second aircraft and other fitout and modifications costs incurred to date. The purchase of the aircraft is financed by a commercial loan with the Bank of Qld.

The amount of borrowing costs capitalised during the year ended 30 June 2016 was $584,312 (2015: $353,834).

(d) Reconciliation of additions to statement of cash flows

	Note	2016 $	2015 $
Property, plant and equipment additions	14(e)	21,911,753	10,300,056
Less non-cash financing of additions by finance lease		(1,152,445)	(1,656,000)
Financing of additions by Letter of Credit [1]		12,980,907	(12,980,907)
Less foreign currency gain realised on settlement of new Agusta AW139 helicopter purchases	11	(4,405,500)	-
Less borrowing costs capitalised [2]	14(c)	(584,312)	(353,834)
Total purchase of property, plant and equipment per statement of cash flows		28,750,403	(4,690,685)

[1] A Letter of Credit was issued to the vendor of the first new Agusta AW139 helicopter acquired during the 2015 financial year by the Group's financier. The $12,980,907 represented the balance due to the vendor at settlement. The transaction was settled during the 2016 financial year through proceeds from the Group's bank loan facility.

[2] Capitalised borrowing costs are presented as 'finance costs' under operating activities in the consolidated statement of cash flows.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

14 Property plant and equipment (continued)

(e) Movements in Carrying Amounts

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

	Note	Buildings $	Plant and Equipment $	Motor Vehicles $	Leasehold Improvements $	Aircraft $	Medical Equipment $	Total $
Balance at the beginning of the year		3,379,253	2,120,131	199,243	236,588	57,196,403	537,104	63,668,722
Additions		-	1,193,434	121,481	143,206	20,058,462	395,170	21,911,753
Additions through business combination	4(a)	-	67,001	-	-	-	-	67,001
Disposals - written down value		(164,054)	(14,371)	(2,093)	(4,771)	(2,459,123)	-	(2,644,412)
Transfers		-	(186,619)	-	21,262	165,357	-	-
Depreciation expense		(282,834)	(711,726)	(94,894)	(44,631)	(5,257,529)	(298,187)	(6,689,801)
Closing value at 30 June 2016		2,932,365	2,467,850	223,737	351,654	69,703,570	634,087	76,313,263

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2016

15 Intangible Assets

	2016	2015
	$	$
Computer software		
At cost	**387,793**	374,918
Less accumulated amortisation	**(232,696)**	(159,612)
Total intangible assets	**155,097**	215,306

(a) Movements in Carrying Amounts

	Computer software	Total
	$	$
Balance at the beginning of the year	**215,306**	**215,306**
Additions	**12,875**	**12,875**
Amortisation	**(73,084)**	**(73,084)**
Closing value at 30 June 2016	**155,097**	**155,097**

16 Investments accounted for using the equity method

	2016	2015
	$	$
Interests in joint ventures	**1,312,199**	1,302,383
	1,312,199	1,302,383

Interest in joint ventures

Aeromed Qld Pty Ltd

LifeFlight Australia Limited has a 50% interest in the joint venture Aeromed Qld Pty Ltd, incorporated in Australia. The company leases fixed wing aircraft to LifeFlight Australia Limited. The voting power held by LifeFlight Australia Limited is 50%. The principle place of business is 427 King Georges Road, Beverly Hills, NSW.

The interest in the joint venture is accounted for in the consolidated statements using the equity method of accounting.

CareFlight Australia Limited

CareFlight Australia Limited was registered as a public company on 7 September 2007. LifeFlight Australia Limited and CareFlight Limited (NSW) hold one share each. This is an equity accounted joint venture but has a nil carrying value at 30 June 2016 (2015: Nil). This entity is dormant.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

16 Investments accounted for using the equity method (continued)

Interest in joint ventures (continued)

CareFlight Aeromedical Limited

CareFlight Aeromedical Limited ('CAL') was registered as a public company limited by guarantee on 6 November 2012. The members of CAL are LifeFlight Australia Limited and CareFlight Limited (NSW). This entity commenced operations during the 2014 year for the purpose of one-off aeromedical activities. This is an equity accounted joint venture.

At 30 June 2016 the carrying value of the interest in CAL was nil (2015: Nil) as there were no acquisition costs associated with the group's investment and no retained surpluses at year end.

StarFlight Australia Pty Ltd

StarFlight Australia Pty Ltd was registered on 23 June 2015 and is a joint venture between LifeFlight Australia Limited and Kaan Air. The voting power held by each party is 50%.

This is an equity accounted joint venture but has a nil carrying value at 30 June 2016 (2015: Nil). This entity had no material activity during the 2016 financial year.

17 Trade and other payables

	2016 $	2015 $
CURRENT		
Unsecured liabilities		
Trade payables	**2,134,818**	3,181,696
Amounts received in advance	**3,409,102**	6,452,440
Other payables	**2,714,793**	1,425,847
	8,258,713	11,059,983
NON-CURRENT		
Unsecured liabilities		
Deposits	**46,537**	46,537
	46,537	46,537

18 Financial liabilities

Interest-bearing loans and borrowings

	Note	2016 $	2015 $
CURRENT			
Unsecured liabilities			
Finance lease obligation		**175,668**	113,631
Other loans		**202,145**	195,925
Secured liabilities			
Finance lease obligation		**5,101,531**	4,435,153
Bank loans		**4,621,816**	1,986,368
	(a)	**10,101,160**	6,731,077
NON-CURRENT			
Unsecured liabilities			
Finance lease obligation		**1,561,380**	1,497,313
Secured liabilities			
Finance lease obligation		**3,168,501**	5,055,888
Bank loans		**42,655,280**	33,254,290
		47,385,161	39,807,491

No borrowing covenants or conditions have been breached and the Directors believe finance will continue to be provided to the Group.

(a) Current liability

Included in the current financial liabilities' balance is an amount of $3,293,285 (2015: $2,357,842) relating to balances on aircraft facilities which are contractually due within 12 months or less from the end of the reporting period. The Group has successfully renegotiated the terms of these facilities subsequent to the end of the financial year and therefore do not expect that the full amount of the current liability will be settled within the next 12 months.

(b) Bank loans

Bank loans comprise of various chattel mortgages and commercial loans entered into, to finance the acquisition of aircraft and motor vehicles. The loans have terms of between 2 and 10 years and incur interest at rates of between 5.31% and 6.66% (2015: 5.31% - 6.66%).

The balance includes bank loans associated with the acquisition of two Agusta AW139 aircraft. These loans were interest only during the construction and modification phase of the project with principal repayments over a 10 year term commencing when the aircraft became operational. The two aircraft became operational during the year ended 30 June 2016.

These liabilities are secured by first registered mortgage over the respective assets and registered specific security agreements over two term deposits held by LifeFlight Australia Limited. The aircraft facilities are also secured by first and second ranking fixed and floating charges given by LifeFlight Australia Limited and LifeFlight Retrieval Medicine Limited over all present and future assets and undertakings (including goodwill) of the companies to the financiers.

18 Financial liabilities (continued)

(c) Other loans

The unsecured other loan relates to insurance premium funding which has a term of 12 months.

(d) Finance leases

Finance lease disclosures comprise finance leases and hire purchase contracts.

With the exception of the unsecured finance lease obligation which relates to the long-term lease of a hangar, leased assets and assets under hire purchase contracts are pledged as security for the related finance lease liabilities. Refer to Note 14(b) for the carrying value of property, plant and equipment held under finance leases and hire purchase contracts.

The finance lease obligations balance is comprised of various lease and hire purchase facilities that have been entered into to finance the acquisition of aircraft, motor vehicles, a hangar and plant and equipment. The terms vary between 2 and 10 years and incur interest at rates of between 3.51% and 8.68% (2015: 3.51% - 8.68%).

	Note	2016 $	2015 $
Total unsecured finance lease obligations		**1,737,048**	1,610,944
Total secured finance lease obligations		**8,270,032**	9,491,041
Total finance lease obligations	25(a)	**10,007,080**	11,101,985

(e) Secured liabilities and assets pledged as security

	2016 $	2015 $
Bank loans	**47,277,096**	35,240,658
Secured finance lease obligations	**8,270,032**	9,491,041
Total secured liabilities	**55,547,128**	44,731,699

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Note	2016 $	2015 $
First mortgage			
Property, plant and equipment		**58,330,280**	42,724,711
Finance lease - secured			
Property, plant and equipment		**11,273,292**	13,731,874
Floating charge:			
Cash and cash equivalents	8	**9,496,219**	10,144,219
Trade receivables	9	**7,535,234**	6,090,128
Property, plant and equipment		**6,709,691**	7,212,137
Intangible assets	15	**155,097**	215,306
		93,499,813	80,118,375

19 Provisions

	2016	2015
	$	$
CURRENT		
Employee benefits	3,714,785	3,483,282
	3,714,785	3,483,282
NON-CURRENT		
Employee benefits	542,563	522,957
	542,563	522,957

20 Other financial liabilities

	2016	2015
	$	$
CURRENT		
Financial liabilities at fair value through profit or loss		
Derivatives not designated as hedges		
- Interest rate swaps	-	765,077
	-	765,077

Financial liabilities at fair value through profit or loss

For the financial year ended 30 June 2015, financial instruments through profit or loss reflect the positive change in fair value of interest rate swaps that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of interest rate risk for future cash flows associated with long-term borrowings for the acquisition of two Agusta AW139 helicopters. The fair value of the instruments were based on the marked-to-market value provided by the Group's financier.

At 30 June 2015, the Group had two interest rate swap agreements in place, both with notional amounts of $8,500,000, whereby the Group paid a fixed rate of interest of 3.93% and 3.9% respectively and received interest at a variable rate equal to AUD-BBR-BBSW on the notional amounts.

The decrease in fair value of the interest rate swaps of $765,077 was been recognised in the 'net gain on financial instruments at fair value through profit or loss' line in the consolidated statement of comprehensive income.

The above financial instruments were settled in the financial year ended 30 June 2016. Refer to Note 6 for the resulting impact on the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

21 Other Liabilities

	Note	2016 $	2015 $
NON-CURRENT			
Lease incentive liability	21(a)	263,915	220,358
Reimbursement of aircraft mobilisation fee		3,240,733	3,240,733
		3,504,648	3,461,091

(a) Lease Incentive Liability

This liability has arisen in order to comply with the requirements of AASB 1048 *Interpretation of Standards* and is in respect of the rent-reduction periods within the lease of premises.

22 Controlled Entities

Name	Country of incorporation	Percentage Controlled 2016	Percentage Controlled 2015
Parent Entity:			
LifeFlight Australia Limited (previously CareFlight Group Limited)	Australia		
Entities controlled by the parent entity:			
LifeFlight Retrieval Medicine Limited *(previously CareFlight Retrieval Medicine Limited)*	Australia	100%	100%
Sunshine Coast Helicopter Rescue Service Limited	Australia	100%	100%
CareFlight Singapore Limited (*dormant company*)	Singapore	100%	100%
CareFlight Group Australia Pty Ltd *(dormant company)*	Australia	100%	100%
CareFlight Air Ambulance Pty Ltd *(dormant company)*	Australia	100%	100%

23 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

24 Contingencies

The Company has provided various bank guarantees in favour of lessors of office premises as security in case of default. These guarantees are secured by a charge over term deposits.

Except as detailed above, in the opinion of the Directors, the Company did not have any contingencies at 30 June 2016 (30 June 2015:None).

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

25 Capital and Leasing Commitments

(a) Finance lease commitments

		2016 $	2015 $
Payable - minimum lease payments:			
- no later than 12 months		**5,615,391**	5,102,448
- between 12 months and 5 years		**5,156,891**	7,282,115
Minimum lease payments		**10,772,282**	12,384,563
Less future finance changes		**(765,202)**	(1,282,578)
Present value of minimum lease payments	18(d)	**10,007,080**	11,101,985

The finance lease commitments consists of various finance lease and hire purchase agreements with fixed monthly payments over terms of between two and 10 years. Refer to Note 18 for further details.

(b) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2016	2015
Payable - minimum lease payments:		
- not later than 12 months	**6,706,053**	3,954,241
- between 12 months and 5 years	**15,988,031**	11,514,581
- greater than 5 years	**12,322,640**	2,461,724
	35,016,724	17,930,546

Operating lease commitments include the following significant leasing arrangements:

i. Motor vehicles leased on terms of between two and five years with fixed monthly payments.

ii. Property leases for leasehold land at airports with terms of between 10 and 30 years. The lease agreements include periodic market rent reviews.

iii. Hire of a fixed wing Bombardier Challenger jet over a three term that commenced in October 2014.

iv. Two Learjet 45 aircraft leased for a five year term that commenced 28 October 2010 and which were extended for a further five year term during the 2015 financial year. Rent is payable monthly in advance. Provisions within the Learjet lease agreements require LifeFlight Australia Limited to cover all payments in respect of the maintenance service plans. As detailed in Note 26, the Learjets are leased from Aeromed Qld Pty Ltd, an entity which is jointly controlled by the Group. The total commitment as at 30 June 2016 for the learjets was $5,187,945 (2015: $6,016,000).

v. Lease of an Agusta AW139 for a 10 year term that commenced in May 2016.

vi. Various office, hangar and staff accommodation property leases with remaining terms of between four months and nine years. Rent is paid monthly in advance. The lease agreements generally include periodic market rent reviews and options to extend the term.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

25 Capital and Leasing Commitments (continued)

(c) Capital expenditure commitments

At 30 June 2016, the Group had commitments of $289,673 ex GST for capital works contracted but not yet delivered.

At 30 June 2015, the Group had unrecognised commitments of US$11,371,705 in relation to a contractual commitment to settle on the acquisition of an Agusta AW139 aircraft and completion of modifications to each aircraft fitout. As disclosed at Note 11 the Group had in place a foreign exchange forward contract to reduce its foreign currency risk on the remaining amount due to the vendor on delivery of US$9,944,000 at an exchange rate of $0.8808.

26 Related party transactions

The Group's main related parties are as follows:

Key management personnel

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

For disclosures relating to key management personnel remuneration, refer to Note 7: Key Management Personnel Remuneration.

The Group leases rental accommodation for crew members from Mr Peter Young, director of LifeFlight Australia Limited.

Equipment and services have been purchased from A G Rigging & Steel Pty Ltd, a company controlled by Mr Alan George, director of LifeFlight Australia Limited.

Provision of fuel supplies to the Group were obtained from IOR Aviation Pty Ltd, a company controlled by Mr Stewart Morland, director of LifeFlight Australia Limited.

Joint ventures in which the parent is a venturer

For details of interests held in joint ventures, refer to Note 16.

The Group leases two Learjets from Aeromed Qld Pty Ltd.

Other related parties

Other related parties include close members of the family of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their close members of the family.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

26 Related party transactions (continued)

Transactions with related parties

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

The following transactions occurred with related parties:

	Note	Purchases from related parties	Sales to related parties	Other transactions	Balance outstanding: Owed to the Group*	Balance outstanding: Owed by the Group*
Joint ventures						
Aeromed Qld Pty Ltd						
2016		1,202,133	-	-	-	-
2015		1,307,835	-	-	-	-
StarFlight Pty Ltd						
2016	(b)	-	-	-	-	-
2015	(b)	-	-	-	45,409	-
Key management personnel						
Mr Peter Young, Director						
2016		81,157	-	-	-	9,014
2015		76,930	-	-	-	2,663
Mr Alan George, Director						
2016		4,665	-	-	-	-
2015		1,199	-	-	-	363
Mr Stewart Morland, Director						
2016		255,565	-	-	-	10,607
2015		-	-	-	-	-
Other related parties	(a)					
2016		-	-	31,176	-	-
2015		-	-	28,500	-	-

* The amounts are classified as trade payables and trade receivables respectively.

(a) Other related parties

Other transactions relates to employee benefits paid to family members of key management personnel.

(b) StarFlight Pty Ltd

The balance owed to the Group as at 30 June 2015 related to a recharge of costs incurred on behalf of the joint venture by LifeFlight Australia Limited. No sales were made to StarFlight Pty Ltd by the Group.

(c) Commitments with related parties

Refer to Note 25 for details of commitments with related parties.

LifeFlight Australia Limited
ABN 45 010 316 462

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 40, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

   a. comply with Accounting Standards - Reduced Disclosure Requirements; and

   b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Company and consolidated group.

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.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ....   Director ....

Dated 7.11.16

UHY Haines Norton
Chartered Accountants

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF LIFEFLIGHT AUSTRALIA LIMITED

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of LifeFlight Australia Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company'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 company'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.

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INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012.*

OPINION

In our opinion the financial report of LifeFlight Australia Limited is in accordance with Division 60 of the *Australian Charities and Not-For-Profit Commission Act 2012*, including:

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

(b) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013.*

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

DARREN LAARHOVEN
Partner

Brisbane, 8 November 2016

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