# CareFlight Group Limited

## (previously CareFlight (Qld) Limited)

ABN 45 010 316 462

## Financial Statements

**For the Year Ended 30 June 2015**

**CareFlight Group Limited**

**ABN 45 010 316 462**

**For the Year Ended 30 June 2015**

**CONTENTS**


| | Page |
|---|---|
| **Financial Statements** | |
| Directors' Report | 1 |
| Auditor's Independence Declaration | 7 |
| Consolidated Statement of Comprehensive Income | 8 |
| Consolidated Statement of Financial Position | 9 |
| Consolidated Statement of Changes in Equity | 10 |
| Consolidated Statement of Cash Flows | 11 |
| Notes to the Consolidated Financial Statements | 12 |
| Directors' Declaration | 40 |
| Independent Audit Report | 41 |

# Directors' Report
## For the year ended 30 June 2015

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2015.

**Information on directors**

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

| | |
|---|---|
| **Name** | Hon. Rob Borbidge AO |
| **Position** | Director (non-Executive) until 30 June 2013 then became Chairman from 1 July 2013 |
| **Appointed** | 6 September 2012 |
| **Other CareFlight Group Limited Responsibilities** | Director – StarFlight Australia Pty Ltd |
| **Other Affiliations** | Chairman – Legacy Committee for the 2018 Commonwealth Games<br>Trustee – Currumbin Wildlife Hospital<br>Member of Council of Griffith University<br>Chairman of the Board of Advice, Institute for Glycomics<br>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.

| | |
|---|---|
| **Name** | Donald Moffatt |
| **Position** | Director & Deputy Chairman (non-Executive) |
| **Appointed** | 1 July 2013 |
| **Other CareFlight Group Limited Responsibilities** | Chairman – Sunshine Coast Helicopter Rescue Service Ltd<br>Director – CareFlight Retrieval Medicine Limited<br>Life Member CareFlight Group Limited |
| **Other Affiliations** | Moffatt Property Development Group |

**Background**
Don has been a Board Member and Chairman of the Sunshine Coast Helicopter Rescue Service for 15 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 16 years and several years on the Board of Queensland Principal Club (now Queensland Racing).

| | |
|---|---|
| **Name** | Ashley van de Velde |
| **Qualifications** | MBA, FAICD |
| **Position** | Director (Executive) |
| **Appointed** | 1988 |
| **Other CareFlight Group Limited Responsibilities** | Group Chief Executive Officer<br>Finance Committee Member<br>Quality & Safety Committee Member<br>Director – Sunshine Coast Helicopter Rescue Service Limited<br>Life Member CareFlight Group Limited |
| **Other Affiliations** | Director – Aeromed Qld Pty Ltd<br>Director – CareFlight Australia Limited<br>Director – CareFlight Group Australia Pty Ltd<br>Director & Secretary – CareFlight Air Ambulance Pty Ltd<br>Director – StarFlight Australia Pty Ltd<br>Director – Aeromed Qld Pty Ltd<br>Director – CareFlight Aeromedical Limited |

**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 CareFlight over the last 32 Years has been its driving force.

# Directors' Report
## For the year ended 30 June 2015

**Information on directors (continued)**

| | |
|---|---|
| **Name** | Stewart Morland |
| **Position** | Director (non-Executive)<br>Chairman from November 2011 until July 2013 |
| **Appointed** | 2006 |
| **Other CareFlight Group Limited Responsibilities** | Director – CareFlight Retrieval Medicine Limited |
| **Other Affiliations** | Member - CareFlight South West Community Advisory Board<br>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.

| | |
|---|---|
| **Name** | Peter Young |
| **Qualifications** | Bachelor of Applied Science |
| **Position** | Director (Executive) |
| **Appointed** | 1989 |
| **Other CareFlight Group Limited Responsibilities** | Legal Advisor<br>Director – CareFlight Retrieval Medicine Limited<br>Life Member CareFlight Group Limited |
| **Other Affiliations** | Director – CareFlight Australia Pty Ltd<br>Director and Company Secretary – Aeromed Qld Pty Ltd<br>Director and Company Secretary – CareFlight GC Limited<br>Director and Company Secretary – CareFlight Group Australia Pty Ltd<br>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.

| | |
|---|---|
| **Name** | Rodney Forrester |
| **Position** | Director (non-Executive) |
| **Appointed** | 1 July 2013 |
| **Other CareFlight Group Limited Responsibilities** | Director – Sunshine Coast Helicopter Rescue Service Limited |
| **Other Affiliations** | Founding Chairman - Matthew Flinders College<br>Past Board Member, Chairman - their Capital Work's Committee and Deputy Chancellor - University of Sunshine Coast<br>Past Board Member - Innovation Centre Sunshine Coast Pty Ltd<br>Honorary Vice President of Maroochydore Surf Lifesaving Club |

**Background**
Rod Forrester has been a Board member for the Sunshine Coast Helicopter Rescue Service since 2002. He was appointed to the CareFlight Group Board after the merger of CareFlight Group 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 2015

### Information on directors (continued)

| | |
|---|---|
| **Name** | William Freeman |
| **Position** | Director (non-Executive) |
| **Appointed** | 1 July 2013 |
| **Other CareFlight Group Limited Responsibilities** | Director – Sunshine Coast Helicopter Rescue Service Ltd |
| **Other Affiliations** | Life Member & Director – Mooloolaba Surf Life Saving Club<br>Member – 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 Jones Flint and Pike. He retired in 1996. He has continuing interests in Land Development and enjoys sport.

| | |
|---|---|
| **Name** | Colin Archer |
| **Qualifications** | CA, B. Ec |
| **Position** | Director (non-Executive) |
| **Appointed** | 1 July 2013 |
| **Other CareFlight Group Limited Responsibilities** | Member of the Finance Committee |
| **Other Affiliations** | Archer Gowland Chartered Accountants<br>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.

| | |
|---|---|
| **Name** | Paul Turner |
| **Qualifications** | Grad Dip Financial Markets SIA, GAICD |
| **Position** | Director & RACQ nominated representative (non-Executive) |
| **Appointed** | 2010 |
| **Other CareFlight Group Limited Responsibilities** | - |
| **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 CareFlight Group Limited's Board.

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

### Information on officers

| | |
|---|---|
| **Name** | Sarah Mahaffey-Verlinden |
| **Qualifications** | GAICD |
| **Position** | Company Secretary – CareFlight Group Limited |
| **Appointed** | 30 March 2015 |
| **Other CareFlight Group Limited Responsibilities** | Company Secretary – Sunshine Coast Helicopter Rescue Service Ltd |
| **Other Affiliations** | - |

**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 CareFlight Group Limited in 2012.

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

# Directors' Report
## For the year ended 30 June 2015

### Directors' Meetings

| | Board Meetings | Finance Committee Meetings | Quality & Safety Committee Meetings | Project Committee Meetings |
|---|---|---|---|---|
| Robert Borbidge | 6 (6) | - | - | 2 (2) |
| Donald Moffatt | 5 (6) | - | - | - |
| Stewart Morland | 5 (6) | - | - | 2 (2) |
| Peter Young | 4 (6) | - | - | - |
| Ashley van de Velde | 5 (6) | 5 (8) | 0 (7) | 1 (2) |
| Rodney Forrester | 4 (6) | - | - | 2 (2) |
| Colin Archer | 5 (6) | 4 (8) | - | - |
| Paul Turner | 5 (6) | - | - | - |
| William Freeman | 4 (6) | - | - | - |

### Members' Guarantee

CareFlight Group 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 member 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 2015 the collective liability of members was $1,100. (2014: $1,160)

### 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 and 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

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 CareFlight Group 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 2015 the group reported a consolidated surplus of $3,858,416 (2014: $5,414,119). The current year surplus consisted of a surplus from operating activities of $1,154,934 and an accounting (non-cash) gain of $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 CareFlight 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) and CAICOS status.

During the year ended 30 June 2015, CareFlight operated 4 CHP bases, 2 commercial bases and 2 fixed wing bases. This allowed CareFlight 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 CareFlight community helicopters flew 1,410 missions from the bases at Toowoomba, Bundaberg, Gold Coast and Sunshine Coast, treating and airlifting 1,227 patients.

The CareFlight 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 through synergies of expertise and equipment.

During the year CareFlight contracted to Purchase two new AW139 helicopters. The expected delivery dates for the first AW139 is August 2015 and the second AW139 in October 2015.

CareFlight have fully financed the purchase of the two AW139 helicopters. Additionally both the US Dollar FX rate and the expected Interest rates have been fully hedged.

On the 28th November 2014 the Company signed a 10 year contract with the State of Queensland, acting through the Public Safety Business Agency to provide high quality emergency helicopter services in the South East Queensland region. The contract provides certainty in funding for the Company and an ability to modernise the helicopter fleet and ensure the highest quality of community helicopter services for the region.

### 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.

CareFlight are in advanced negotiations on managing a full motion simulator with Thales Pty Ltd. The simulator will have full AW139 capability and will be used to train CareFlight employees as well as be commercially available to the domestic and international aviation market.

# Directors' Report
## For the year ended 30 June 2015

**Looking forward (continued)**

CareFlight have entered into a trial with the RFDS utilising the CareFlight C3 facilities. This will allow RFDS to utilise our facilities to provide full command, control and tasking services over their Queensland based aircraft fleet.

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

**Events Subsequent to Balance Date**

The Company has taken delivery of the first AW139 helicopter in August 2015, with the second AW139 helicopter due for delivery in October 2015. The Company also successfully completed the sale of its Longranger aircraft in August 2015.

As part of providing emergency helicopter services to the South East Queensland region, a new Brisbane base was opened on the 1st July 2015. The base is located at the Brisbane Airport and forms an extension of the fixed wing base already in existence there.

On the 1st July 2015, the Company successfully merged with North Queensland Rescue based in Mt Isa. CareFlight became operational in the region in August 2015. The base is located at the Mt Isa airport and the Company co-locates with the RFDS.

**Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 7 of the financial report.

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

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

Dated this ....15.... day of ....September.... 2015

UHY Haines Norton
Chartered Accountants

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## AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF CAREFLIGHT GROUP LIMITED

**I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 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, 10 September 2015**

# Consolidated Statement of Comprehensive Income
## For the Year Ended 30 June 2015

| | Note | 2015 $ | 2014 $ |
|---|---|---|---|
| Government grants | | **13,800,000** | 8,537,604 |
| Fundraising and sponsorship | | **8,109,301** | 8,516,040 |
| Call centre (includes merchandise) | | **2,342,525** | 2,163,869 |
| Training | | **2,472,129** | 2,384,232 |
| Medical and commercial AME | | **40,149,736** | 39,412,600 |
| Other revenue | | **711,625** | 1,953,158 |
| **Total revenue from operating activities** | | **67,585,316** | 62,967,503 |
| Helicopter operations - community | | **(19,837,333)** | (16,440,939) |
| Finance costs | 4 | **(2,137,167)** | (2,450,161) |
| Fundraising and sponsorship | | **(1,405,607)** | (1,487,725) |
| Call centre (includes merchandise) | | **(1,653,921)** | (1,687,716) |
| Training | | **(2,885,760)** | (2,789,681) |
| Shared services and other | | **(5,723,212)** | (4,740,550) |
| Medical and commercial AME | | **(32,765,890)** | (31,143,894) |
| Share of net (loss)/profit of associates and joint ventures | | **(21,492)** | 493,799 |
| **Surplus from operating activities** | | **1,154,934** | 2,720,636 |
| Gain on control of subsidiary | 5 | **-** | 2,693,483 |
| Net gain on financial instruments at fair value through profit or loss | 5 | **2,703,482** | - |
| **Surplus for the year** | | **3,858,416** | 5,414,119 |
| Other comprehensive income for the year | | **-** | - |
| **Total comprehensive income for the year** | | **3,858,416** | 5,414,119 |
| **Surplus attributable to:** | | | |
| Members of the parent entity | | **3,858,416** | 5,414,119 |
| **Total comprehensive income attributable to:** | | | |
| Members of the parent entity | | **3,858,416** | 5,414,119 |

The accompanying notes form part of these financial statements.

**CareFlight Group Limited**
ABN 45 010 316 462

# Consolidated Statement of Financial Position
## As At 30 June 2015

| | Note | 2015 $ | 2014 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 7 | **10,144,219** | 9,430,972 |
| Trade and other receivables | 8 | **7,525,560** | 5,311,533 |
| Inventories | 9 | **393,926** | 434,925 |
| Other financial assets | 10 | **3,468,559** | - |
| Other assets | 11 | **579,857** | 492,058 |
| Non-current assets held for sale | 12 | **524,124** | - |
| **TOTAL CURRENT ASSETS** | | **22,636,245** | 15,669,488 |
| **NON-CURRENT ASSETS** | | | |
| Trade and other receivables | 8 | **50,000** | 50,000 |
| Property, plant and equipment | 13 | **63,668,722** | 44,638,002 |
| Intangible assets | 14 | **215,306** | 122,483 |
| Investments accounted for using the equity method | 15 | **1,302,383** | 1,323,875 |
| **TOTAL NON-CURRENT ASSETS** | | **65,236,411** | 46,134,360 |
| **TOTAL ASSETS** | | **87,872,656** | 61,803,848 |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 16 | **11,059,983** | 9,254,820 |
| Financial liabilities | 17 | **6,731,077** | 6,561,891 |
| Provisions | 18 | **3,483,282** | 2,930,744 |
| Other financial liabilities | 19 | **765,077** | - |
| **TOTAL CURRENT LIABILITIES** | | **22,039,419** | 18,747,455 |
| **NON-CURRENT LIABILITIES** | | | |
| Trade and other payables | 16 | **46,537** | 46,537 |
| Financial liabilities | 17 | **39,807,491** | 21,341,567 |
| Provisions | 18 | **522,957** | 457,759 |
| Other liabilities | 20 | **3,461,091** | 3,073,786 |
| **TOTAL NON-CURRENT LIABILITIES** | | **43,838,076** | 24,919,649 |
| **TOTAL LIABILITIES** | | **65,877,495** | 43,667,104 |
| **NET ASSETS** | | **21,995,161** | 18,136,744 |
| **EQUITY** | | | |
| Accumulated surplus | | **21,995,161** | 18,136,744 |
| **TOTAL EQUITY** | | **21,995,161** | 18,136,744 |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity
## For the Year Ended 30 June 2015

**2015**

| | Accumulated surplus $ | Total $ |
|---|---|---|
| **Balance at 1 July 2014** | **18,136,744** | **18,136,744** |
| **Comprehensive income** | | |
| Surplus for the year | **3,858,416** | **3,858,416** |
| Other comprehensive income | - | - |
| **Total comprehensive income for the year** | **3,858,416** | **3,858,416** |
| **Balance at 30 June 2015** | **21,995,160** | **21,995,160** |

**2014**

| | Accumulated surplus $ | Total $ |
|---|---|---|
| **Balance at 1 July 2013** | 12,722,625 | 12,722,625 |
| **Comprehensive income** | | |
| Surplus for the year | 5,414,119 | 5,414,119 |
| Other comprehensive income | - | - |
| **Total comprehensive income for the year** | 5,414,119 | 5,414,119 |
| **Balance at 30 June 2014** | 18,136,744 | 18,136,744 |

The accompanying notes form part of these financial statements.

**CareFlight Group Limited**
**ABN 45 010 316 462**

# Consolidated Statement of Cash Flows
## For the Year Ended 30 June 2015

| | Note | 2015 $ | 2014 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Receipts from customers | | **71,262,002** | 65,895,764 |
| Payments to suppliers and employees | | **(61,728,149)** | (57,244,091) |
| Interest received | | **146,074** | 170,034 |
| Finance costs | | **(2,167,938)** | (2,367,332) |
| Net cash provided by operating activities | | **7,511,989** | 6,454,375 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| Proceeds from sale of plant and equipment | | **92,067** | 97,355 |
| Proceeds from sale of available-for-sale investments | | **-** | 272,508 |
| Purchase of property, plant and equipment | 13(d) | **(10,744,669)** | (3,157,192) |
| Purchase of intangible assets | | **(144,343)** | (25,680) |
| Net cash acquired from merger with Sunshine Coast Helicopter Service Limited | | **-** | 1,485,689 |
| Net cash used in investing activities | | **(10,796,945)** | (1,327,320) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | |
| Proceeds from borrowings | | **8,881,686** | 2,150,225 |
| Repayment of borrowings | | **(2,380,690)** | (3,578,589) |
| Payment of finance lease liabilities | | **(2,502,793)** | (2,430,563) |
| Net cash used in (provided by) financing activities | | **3,998,203** | (3,858,927) |
| **Net increase in cash and cash equivalents held** | | **713,247** | 1,268,128 |
| Cash and cash equivalents at beginning of year | | **9,430,972** | 8,162,844 |
| **Cash and cash equivalents at end of financial year** | 7 | **10,144,219** | 9,430,972 |

The accompanying notes form part of these financial statements.

# Notes to the Consolidated Financial Statements
## For the Year Ended 30 June 2015

### 1 Statement of Significant Accounting Policies

These consolidated financial statements and notes represent those of CareFlight Group Limited (the Group). CareFlight Group Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

With effect from 29 August 2014, the company changed its name from CareFlight (Qld) Limited to CareFlight Group Limited.

The financial statements were authorised for issue on ........... September 2015 by the directors of the company.

**Basis of preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012.*

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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.

**(a) Comparatives**

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

**(b) Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by CareFlight Group Limited at the end of the reporting period. A controlled entity is any entity over which CareFlight Group 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 21 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.

**(c) 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

### 1 Statement of Significant Accounting Policies (continued)

#### (c) Business combinations (continued)

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.

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.

#### (d) 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 15 for details of interests in jointly controlled entities.

#### (e) 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.

### 1 Statement of Significant Accounting Policies (continued)

#### (f) 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.

#### (g) Inventories

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

#### (h) 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.

#### (i) 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.

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2015

### 1 Statement of Significant Accounting Policies (continued)

#### (i) 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 2015

### 1 Statement of Significant Accounting Policies (continued)

#### (i) 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.

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2015

### 1 Statement of Significant Accounting Policies (continued)

#### (j) Income taxes

The company and its trading subsidiaries are charitable entities for the purposes of Australian taxation legislation and are therefore exempt from income tax. The company and its trading subsidiaries hold deductible gift recipient status.

#### (k) 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).

### 1 Statement of Significant Accounting Policies (continued)

#### (l) 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.

#### (m) 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.

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.

#### (n) 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.

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

**(o) 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.

**(p) 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.

**(q) 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 2015

### 1 Statement of Significant Accounting Policies (continued)

#### (r) 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.

**Provision 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.

### 1 Statement of Significant Accounting Policies (continued)

#### (s) 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.

#### (t) 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**

The Group has entered into leases of premises, aircraft, motor vehicles and other equipment as disclosed in Note 23. 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.

**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 1(q). The amount of these provisions would change should any of these factors change in the next 12 months.

*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.

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2015

### 1 Statement of Significant Accounting Policies (continued)

#### (u) Change in accounting policy

During the reporting period the Group changed the discount rate used in employee benefit provision calculations from the Australian government bond rate to the high quality corporate bond rate and applied this change as a change in accounting estimate. This change is the result of new developments in the Australian economy that caused the Australian high quality corporate bond market to be considered deep.

The aggregate effect of the change in accounting policy on the annual financial statements for the year ended 30 June 2015 resulted in a reduction of non-current employee benefit provisions of $26,108.

#### (v) Going concern

Net current assets after eliminating the derivative financial assets is a deficiency of $2,871,733 (2014: $3,077,967). Notwithstanding the deficiency, the financial report has been prepared on the going concern basis which assumes the Group will continue in operation for the foreseeable future. This basis has been adopted as:

- the Group has generated a net increase in cash and cash equivalents of $713,247 (2014: $1,268,128) and continued to produce positive cash flows from operating activities;
- a portion of the Group's current interest bearing liabilities are fully funded through contractual cashflows with customers. One of the contractual agreements was due for renewal in the 2014 financial year and the the Group were successful in obtaining an extension of the contractual service agreement for a further five years;
- CareFlight Group 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 2015-16 financial year indicate the retention of a strong cash balance at the next reporting date of 30 June 2016; 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 2015

### 2 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.

| | Note | 2015 $ | 2014 $ |
|---|---|---|---|
| **Statement of financial position** | | | |
| Current assets | | **19,952,868** | 13,241,301 |
| Total assets | | **84,529,908** | 58,850,982 |
| Current Liabilities | | **20,410,608** | 17,644,760 |
| Total liabilities | | **70,267,010** | 47,992,332 |
| Retained earnings | | **14,262,898** | 10,828,650 |
| Total equity | | **14,262,898** | 10,828,650 |
| **Statement of comprehensive income** | | | |
| Surplus for the year | (a) | **3,434,248** | 4,123,163 |
| Total comprehensive income for the year | (a) | **3,434,248** | 4,123,163 |

**(a) Gift of net assets from Sunshine Coast Helicopter Service Limited (SCHRS)**

As detailed at Note 21(a), SCHRS and CareFlight Group Limited entered into a deed of gift with an effective date of 28 February 2014. As part of the deed of gift, SCHRS transferred its net assets to the parent entity CareFlight Group Limited from that date. The gift of $5,090,820 is recorded as other income in the stand alone financial statements of CareFlight Group Limited. This transaction is eliminated on consolidation.

# Notes to the Consolidated Financial Statements
## For the Year Ended 30 June 2015

### 3 Revenue

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| **Operating activities** | | |
| Sale of goods (net) | **589,354** | 509,413 |
| Rendering of services | **42,613,005** | 40,585,936 |
| Sponsorship | **4,181,252** | 4,144,371 |
| Donations | **5,681,220** | 6,026,125 |
| Government grants | **13,800,000** | 8,537,604 |
| Interest received | **146,074** | 170,034 |
| Net gain on disposal of property, plant & equipment | **-** | 20,432 |
| Other revenue | **574,411** | 2,973,588 |
| **Total revenue from operating activities** | **67,585,316** | 62,967,503 |

### 4 Surplus for the Year

Surplus for the year includes the following specific expenses:

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | $ | $ |
| Cost of sales | | **398,306** | 382,583 |
| Net loss on disposal of property, plant & equipment | | **53,407** | - |
| **Finance Costs** | | | |
| - Interest paid | | **2,369,590** | 2,367,332 |
| - Loss on exchange differences | | **121,411** | 82,829 |
| - Interest capitalised in non-current assets | 13(c) | **(353,834)** | - |
| | | **2,137,167** | 2,450,161 |
| **Bad and doubtful debts** | | | |
| - Trade receivables | | **-** | 35,459 |
| **Rental expense on operating leases** | | | |
| - Minimum lease payments | | **4,552,451** | 3,370,579 |
| **Depreciation, amortisation and impairment** | | | |
| - Depreciation expense | 13(e) | **6,035,092** | 5,105,581 |
| - Amortisation expense | 14(a) | **51,520** | 38,017 |
| | | **6,086,612** | 5,143,598 |
| **Employee benefits expense** | | | |
| Salaries, wages and fringe benefits | | **30,513,540** | 27,330,153 |
| Compulsory superannuation contributions | | **2,772,144** | 2,453,526 |
| Increase in leave liability for annual leave [1] | | **388,019** | 508,927 |
| Increase in leave liability for long service leave [1] | | **229,717** | 204,033 |
| **Total employee benefits expense** | | **33,903,420** | 30,496,639 |

[1] The 2014 year movements exclude the increase attributable to employee benefit provisions assumed from 1 July 2013 as part of the merger with Sunshine Coast Helicopter Rescue Service Limited.

# Notes to the Consolidated Financial Statements
## For the Year Ended 30 June 2015

### 5 Individually significant items

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

| | Note | 2015 $ | 2014 $ |
|---|---|---|---|
| Gain on control of subsidiary | (a) | - | 2,693,483 |
| Net gain on financial instruments at fair value through profit or loss | (b) | **2,703,482** | - |

#### (a) Gain on control of subsidiary

On 1 July 2013, CareFlight Group Limited and Sunshine Coast Helicopter Rescue Service Limited ('SCHRS') successfully completed a merger of the operations of the entities. As part of the merger, a gain was recognised in the consolidated statement of comprehensive income of $2,693,483 at 1 July 2013 representing the fair value of the net identifiable assets and liabilities of SCHRS at the date control was obtained.

SCHRS and CareFlight Group Limited entered into a deed of gift with an effective date of 28 February 2014. Under the deed of gift, SCHRS agreed to transfer its net assets to the parent entity CareFlight Group Limited from that date. Refer to Note 2 for further details of the impact on the parent entity's separate financial statements

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

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 that did not qualify for hedge accounting. Refer to Note 10 and Note 19 respectively for further details on the financial instruments of the Group.

### 6 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company and the Group is $1,090,154 (2014: $1,022,845).

Included in the above total remuneration paid to key management personnel is $409,813 (2014: $398,695) paid to directors within the Group in their capacity as employees or consultants. These directors were Ashley van de Velde, Rob Borbidge, Peter Young and Jim Elder.

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 CareFlight Group Limited and the Chairman of CareFlight Retrieval Medicine Limited.

#### Other Key Management Personnel Transactions

For details of other transactions with key management personnel, refer to Note 24: Related Party Transactions.

# Notes to the Consolidated Financial Statements
## For the Year Ended 30 June 2015

### 7 Cash and cash equivalents

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| Cash on hand | 35,796 | 26,232 |
| Cash at bank | 9,084,139 | 8,909,295 |
| Short-term bank deposits | 1,024,284 | 495,445 |
| | 10,144,219 | 9,430,972 |

### 8 Trade and other receivables

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| CURRENT | | |
| Trade receivables | 6,090,128 | 4,881,036 |
| Deposits | 67,039 | 51,606 |
| Other receivables | 1,368,393 | 378,891 |
| | 7,525,560 | 5,311,533 |
| NON-CURRENT | | |
| Related party receivables | 50,000 | 50,000 |
| | 50,000 | 50,000 |

### 9 Inventories

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| CURRENT | | |
| At Cost | | |
| Finished goods | 32,954 | 64,516 |
| Aircraft spare parts | 360,972 | 370,409 |
| | 393,926 | 434,925 |

### 10 Other financial assets

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| 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**

Financial instruments through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, 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 reporting period are held for the purpose of acquiring two new Agusta AW139 helicopters. The two foreign exchange forward contracts commit the Group to buy US$9,944,000 each in the future at exchange rates of $0.884 and $0.8808 respectively.

The increase in fair value of the foreign exchange forward contracts of $3,468,559 (2014: Nil) has been recognised in the 'net gain on financial instruments at fair value through profit or loss' line in the consolidated statement of comprehensive income.

### 11 Other Assets

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| CURRENT | | |
| Prepayments | 579,857 | 492,058 |
| | 579,857 | 492,058 |

### 12 Assets held for sale

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| *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 2015

### 13 Property plant and equipment

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| LAND AND BUILDINGS | | |
| Buildings | | |
| At cost | **4,068,564** | 2,412,564 |
| Less accumulated depreciation | **(689,311)** | (478,209) |
| Total buildings | **3,379,253** | 1,934,355 |
| **Total land and buildings** | **3,379,253** | 1,934,355 |
| PLANT AND EQUIPMENT | | |
| Plant and equipment | | |
| At cost | **5,040,383** | 4,391,426 |
| Less accumulated depreciation | **(2,920,252)** | (2,346,494) |
| Total plant and equipment | **2,120,131** | 2,044,932 |
| Motor vehicles | | |
| At cost | **607,158** | 607,158 |
| Less accumulated depreciation | **(407,915)** | (308,575) |
| Total motor vehicles | **199,243** | 298,583 |
| Leasehold improvements | | |
| At cost | **659,203** | 540,811 |
| Less accumulated depreciation | **(422,615)** | (391,448) |
| Total leasehold improvements | **236,588** | 149,363 |
| Aircraft | | |
| At cost | **73,266,188** | 51,228,374 |
| Less accumulated depreciation and impairment | **(16,069,785)** | (11,492,136) |
| Total aircraft | **57,196,403** | 39,736,238 |
| Medical equipment | | |
| At cost | **2,346,254** | 2,014,508 |
| Less accumulated depreciation | **(1,809,150)** | (1,539,977) |
| Total medical equipment | **537,104** | 474,531 |
| **Total plant and equipment** | **60,289,469** | 42,703,647 |
| **Total property, plant and equipment** | **63,668,722** | 44,638,002 |

#### (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:

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| Plant and equipment | **302,054** | 282,522 |
| Aircraft | **22,557,810** | - |
| | **22,859,864** | 282,522 |

### 13 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:

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| Buildings (hangar) | 1,587,000 | - |
| Motor vehicles | 43,480 | 89,781 |
| Aircraft | 13,688,394 | 16,465,581 |
| | 15,318,874 | 16,555,362 |

#### (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 are expected to be completed in November 2015 and January 2016 respectively for the two aircraft. The carrying amount of the two Agusta AW139 aircraft at 30 June 2015 was $21,971,865. The 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 2015 was $353,834 (2014: Nil).

#### (d) Reconciliation of additions to statement of cash flows

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | $ | $ |
| Property, plant and equipment additions | 13(e) | 25,735,410 | 10,300,056 |
| Less non-cash financing of additions by finance lease | | (1,656,000) | (59,764) |
| Less non-cash financing of additions by Letter of Credit [1] | | (12,980,907) | - |
| Less borrowing costs capitalised [2] | 13(c) | (353,834) | - |
| **Total purchase of property, plant and equipment per statement of cash flows** | | 10,744,669 | 10,240,292 |

[1] A Letter of Credit was issued to the vendor of the new Agusta AW139 helicopters acquired during the year by the Group's financier. The $12,980,907 represents the balance due to the vendor at settlement and repayable under the Group's bank loan facility. The transaction was settled subsequent to year end.

[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 2015

### 13 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 | | 1,934,355 | 2,044,932 | 298,583 | 149,363 | 39,736,238 | 474,531 | 44,638,002 |
| Additions | | 1,656,000 | 791,086 | - | 118,393 | 22,838,185 | 331,746 | 25,735,410 |
| Disposals - written down value | | - | (142,129) | - | - | (3,345) | - | (145,474) |
| Transfers to held for sale | 12 | - | - | - | - | (524,124) | - | (524,124) |
| Depreciation expense | | (211,102) | (573,758) | (99,340) | (31,168) | (4,850,551) | (269,173) | (6,035,092) |
| **Closing value at 30 June 2015** | | 3,379,253 | 2,120,131 | 199,243 | 236,588 | 57,196,403 | 537,104 | 63,668,722 |

# Notes to the Consolidated Financial Statements
## For the Year Ended 30 June 2015

### 14 Intangible Assets

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| Computer software | | |
| At cost | **374,918** | 230,575 |
| Less accumulated amortisation | **(159,612)** | (108,092) |
| **Total intangible assets** | **215,306** | 122,483 |

#### (a) Movements in Carrying Amounts

| | Computer software | Total |
|---|---|---|
| | $ | $ |
| Balance at the beginning of the year | **122,483** | **122,483** |
| Additions | **144,343** | **144,343** |
| Amortisation | **(51,520)** | **(51,520)** |
| **Closing value at 30 June 2015** | **215,306** | **215,306** |

### 15 Investments accounted for using the equity method

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| Interests in joint ventures | **1,302,383** | 1,323,875 |
| | **1,302,383** | 1,323,875 |

**Interest in joint ventures**

*Aeromed Qld Pty Ltd*

CareFlight Group Limited has a 50% interest in the joint venture Aeromed Qld Pty Ltd, incorporated in Australia. The company leases fixed wing aircraft to CareFlight Group Limited. The voting power held by CareFlight Group 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. CareFlight Group 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 2015 (2014: Nil). This entity is dormant.

*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 CareFlight Group 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 2015 the carrying value of the interest in CAL was nil (2014: Nil) as there were no acquisition costs associated with the group's investment and no retained surpluses at year end.

# Notes to the Consolidated Financial Statements
## For the Year Ended 30 June 2015

### 15 Investments accounted for using the equity method (continued)

**Interest in joint ventures (continued)**

*StarFlight Australia Pty Ltd*

StarFlight Australia Pty Ltd was registered on 23 June 2015 and is a joint venture between CareFlight Group 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 2015 (2014: Nil). This entity had not material activity during the 2015 financial year.

### 16 Trade and other payables

| | 2015 $ | 2014 $ |
|---|---|---|
| CURRENT | | |
| *Unsecured liabilities* | | |
| Trade payables | **3,181,696** | 2,011,984 |
| Amounts received in advance | **6,452,440** | 5,728,841 |
| Other payables | **1,425,847** | 1,513,995 |
| | **11,059,983** | 9,254,820 |
| NON-CURRENT | | |
| *Unsecured liabilities* | | |
| Deposits | **46,537** | 46,537 |
| | **46,537** | 46,537 |

## 17 Financial liabilities

### Interest-bearing loans and borrowings

| | Note | 2015 $ | 2014 $ |
|---|---|---|---|
| CURRENT | | | |
| *Unsecured liabilities* | | | |
| Finance lease obligation | | **113,631** | - |
| Other loans | | **195,925** | 198,234 |
| *Secured liabilities* | | | |
| Finance lease obligation | | **4,435,153** | 4,503,988 |
| Bank loans | | **1,986,368** | 1,859,669 |
| | (a) | **6,731,077** | 6,561,891 |
| NON-CURRENT | | | |
| *Unsecured liabilities* | | | |
| Finance lease obligation | | **1,497,313** | - |
| *Secured liabilities* | | | |
| Finance lease obligation | | **5,055,888** | 7,444,790 |
| Bank loans | | **33,254,290** | 13,896,777 |
| | | **39,807,491** | 21,341,567 |

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 $2,357,842 (2014: $2,295,000) relating to residual balances on aircraft facilities which are contractually due within 12 months or less from the end of the reporting period. The Group is confident they will successfully renegotiate the terms of these facilities and therefore do not expect that the full amount of the current liability will be settled within the next 12 months.

**(b) Finance leases**

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 13(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% (2014: 5.34% - 8.68%.

| | Note | 2015 $ | 2014 $ |
|---|---|---|---|
| Total unsecured finance lease obligations | | **1,610,944** | - |
| Total secured finance lease obligations | | **9,491,041** | 11,948,778 |
| **Total finance lease obligations** | 23(a) | **11,101,985** | 11,948,778 |

### 17 Financial liabilities (continued)

#### (c) 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% (2014: 5.31% - 6.66%).

The balance includes bank loans associated with the acquisition of two new Agusta AW139 aircraft. These loans are interest only during the construction and modification phase of the project with principal repayments over a 10 year term commencing when the aircraft become operational. The two aircraft are expected to be operational from November 2015 and January 2016 respectively.

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

#### (d) Other loans

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

#### (e) Secured liabilities and assets pledged as security

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Bank loans | **35,240,658** | 15,756,446 |
| Secured finance lease obligations | **9,491,041** | 11,948,778 |
| **Total secured liabilities** | **44,731,699** | 27,705,224 |

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

| | Note | 2015<br>$ | 2014<br>$ |
|---|---|---|---|
| *First mortgage* | | | |
| Property, plant and equipment | | **42,724,711** | 22,004,115 |
| *Finance lease - secured* | | | |
| Property, plant and equipment | | **13,731,874** | 16,555,362 |
| *Floating charge:* | | | |
| Cash and cash equivalents | 7 | **10,144,219** | 9,430,972 |
| Trade receivables | 8 | **6,090,128** | 4,881,036 |
| Property, plant and equipment | | **7,212,137** | 6,078,525 |
| Intangible assets | 14 | **215,306** | 122,483 |
| | | **80,118,375** | 59,072,493 |

### 18 Provisions

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| CURRENT | | |
| Employee benefits | **3,483,282** | 2,930,744 |
| | **3,483,282** | 2,930,744 |
| NON-CURRENT | | |
| Employee benefits | **522,957** | 457,759 |
| | **522,957** | 457,759 |

### 19 Other financial liabilities

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| 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**

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 new Agusta AW139 helicopters. The fair value of the instruments are 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 pays a fixed rate of interest of 3.93% and 3.9% respectively and receives 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 (2014: Nil) has been recognised in the 'net gain on financial instruments at fair value through profit or loss' line in the consolidated statement of comprehensive income.

### 20 Other Liabilities

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | $ | $ |
| NON-CURRENT | | | |
| Lease incentive liability | 20(a) | **220,358** | 34,673 |
| Reimbursement of aircraft mobilisation fee | | **3,240,733** | 3,039,113 |
| | | **3,461,091** | 3,073,786 |

#### (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 of a leases for premises.

# Notes to the Consolidated Financial Statements
## For the Year Ended 30 June 2015

### 21 Controlled Entities

| Name | Country of incorporation | Percentage Controlled 2015 | Percentage Controlled 2014 |
|---|---|---|---|
| **Parent Entity:** | | | |
| CareFlight Group Limited (previously CareFlight (Qld) Limited) | Australia | | |
| **Entities controlled by the parent entity:** | | | |
| CareFlight Retrieval Medicine Limited *(formerly CareFlight Medical Services Limited)* | Australia | 100% | 100% |
| Sunshine Coast Helicopter Rescue Service Limited | Australia | 100% | 100% |
| CareFlight Singapore Limited (dormant company) | Singapore | 100% | - |
| CareFlight Group Australia Pty Ltd *(dormant company)* | Australia | 100% | 100% |

#### (a) Sunshine Coast Helicopter Rescue Service Limited

On 1 July 2013, CareFlight Group Limited and Sunshine Coast Helicopter Rescue Service Limited ('SCHRS') successfully completed a merger of the operations of the entities. The driving motivation for the merger decision was long term sustainability, improved efficiency and enhanced service delivery to the communities of Queensland. On merging, CareFlight Group Limited become the sole member of SCHRS with the combined service continuing under the CareFlight Group Queensland name.

### 22 Events Occurring After the Reporting Date

On 1 July 2015, CareFlight Group Queensland officially merged with the Mount Isa based North Queensland Helicopter Rescue Service (NQ Rescue). CareFlight became operational in the region in August 2015. The base is located at the Mt Isa airport and the Company co-locates with the RFDS. For the communities of North West Queensland, this merger assures critical care air medical services will continue to be provided by a helicopter based in Mount Isa.

The Company has taken delivery of the first AW139 helicopter in August 2015, with the second AW139 helicopter due for delivery in October 2015. The Company also successfully completed the sale of its Longranger aircraft in August 2015 as disclosed at Note 12.

As part of providing emergency helicopter services to the South East Queensland region, a new Brisbane base was opened on the 1 July 2015. The base is located at the Brisbane Airport and forms an extension of the fixed wing base already in existence there.

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.

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2015

### 23 Capital and Leasing Commitments

#### (a) Finance lease commitments

| | | 2015 | 2014 |
|---|---|---|---|
| | | $ | $ |
| Payable - minimum lease payments: | | | |
| - no later than 12 months | | **5,102,448** | 5,229,841 |
| - between 12 months and 5 years | | **7,282,115** | 8,031,483 |
| Minimum lease payments | | **12,384,563** | 13,261,324 |
| Less future finance changes | | **(1,282,578)** | (1,312,546) |
| Present value of minimum lease payments | 17(b) | **11,101,985** | 11,948,778 |

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 17 for further details.

#### (b) Operating lease commitments

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

| | 2015 | 2014 |
|---|---|---|
| Payable - minimum lease payments: | | |
| - not later than 12 months | **3,954,241** | 4,162,616 |
| - between 12 months and 5 years | **11,514,581** | 7,125,215 |
| - greater than 5 years | **2,461,724** | 1,444,800 |
| | **17,930,546** | 12,732,631 |

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 CareFlight Group Limited to cover all payments in respect of the maintenance service plans. As detailed in Note 24, 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 2015 for the learjets was $6,016,000 (2014: $2,752,000).

v. 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.

#### (c) Capital expenditure commitments

At 30 June 2015, the Group had unrecognised commitments of US$11,371,705 (2014: Nil) 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 10 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.

# Notes to the Consolidated Financial Statements
## For the Year Ended 30 June 2015

### 24 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 6: Key Management Personnel Remuneration.

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

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

**Joint ventures in which the parent is a venturer**

For details of interests held in joint ventures, refer to Note 15.

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.

### 24 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* | | | | | | |
| 2015 | | 1,307,835 | - | - | - | - |
| 2014 | | 2,004,000 | - | - | - | - |
| *StarFlight Pty Ltd* | | | | | | |
| 2015 | (b) | - | - | - | 45,409 | - |
| 2014 | | - | - | - | - | - |
| *CareFlight Aeromedical Limited* | | | | | | |
| 2015 | | - | - | - | - | - |
| 2014 | | - | 59,791 | - | - | - |
| **Key management personnel** | | | | | | |
| *Mr Peter Young, Director* | | | | | | |
| 2015 | | 76,930 | - | - | - | 2,663 |
| 2014 | | 83,915 | - | - | - | - |
| *Mr Alan George, Director* | | | | | | |
| 2015 | | 1,199 | - | - | - | 363 |
| 2014 | | 14,487 | - | - | - | - |
| **Other related parties** | (a) | | | | | |
| 2015 | | - | - | 28,500 | - | - |
| 2014 | | - | - | 29,986 | - | - |

* 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 at year end relates to a recharge of costs incurred on behalf of the joint venture by CareFlight Group Limited. No sales were made to StarFlight Pty Ltd by the Group.

**(c) Commitments with related parties**

Refer to Note 23 for details of commitments with related parties.

**CareFlight Group 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 8 to 39, 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 2015 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 X ..................................................

Director X ..................................................

Dated 15/9/15

UHY Haines Norton
Chartered Accountants

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# INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF CAREFLIGHT GROUP LIMITED

## REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of CareFlight Group Limited, which comprises the consolidated statement of financial position as at 30 June 2015, 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.

UHY Haines Norton
Chartered Accountants

## 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 CareFlight Group 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 2015 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, 16 September 2015