

Appendix 4D

Indoor Skydive Australia Group Limited
Half Year Report Period ended 31 December 2019

Results for Announcement to the Market

Details of Reporting Periods

Current:	1 July 2019 to 31 December 2019
Comparative:	1 July 2018 to 31 December 2018

Financial Results	Half year to 31/12/19	Half year to 31/12/18	Change %	Change \$
	\$	\$		
Total revenue ("revenue from ordinary activities")	3,957,502	6,227,179	(36%)	(2,269,677)
Net operating loss ("loss from ordinary activities after tax attributable to members")	(3,375,943)	(1,170,569)	(188%)	(2,205,374)
Total comprehensive loss for the period ("net loss for the period attributable to members")	(3,375,943)	(1,170,569)	(188%)	(2,205,374)

Commentary on results

Please refer to the attached Interim Financial Report and Financial Statements for further explanation of the results.

Dividends	Half year to 31/12/19	Half year to 31/12/18
Interim Dividend	n/a	n/a
Record date for determining entitlement to dividend	n/a	n/a
No dividends have been paid or declared during the period. There are no dividend reinvestment plans.		

	Half year to 31/12/19	Half year to 31/12/18
Net tangible assets per share	\$0.04	\$0.16

Financial Report

The Company's independent auditor, Accru Flesers, has completed a review of the Group's 31 December 2019 Interim Financial Report on which this report is based and has provided an unqualified Review Report. A copy of the Indoor Skydive Australia Group Limited Interim Financial Report and Financial Statements, inclusive of the Review Report is attached.

Indoor Skydive Australia Group Limited and Controlled Entities

ABN 39 154 103 607

Interim Financial Report

For the half year ended 31 December 2019

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AUSTRALIA GROUP LIMITED 18

DIRECTORS' REPORT

Your directors submit the interim financial report of the consolidated group consisting of Indoor Skydive Australia Group Limited (**the Company** or **ISA Group**) and its controlled entities (**the Group**) during the half-year ended 31 December 2019.

Directors

The following persons were directors who held office during the half-year and up to the date of this report, unless otherwise stated:

Stephen BAXTER

Danny HOGAN, MG

Wayne JONES

Jon BRETT (Resigned 15 July 2019)

James SPENCELEY (Resigned 15 July 2019)

Company Secretary

Stephen TOFLER

Review of Operations

The principal activities of ISA Group are to own and/or operate Indoor Skydiving Facilities across Australia and South East Asia. It operates two Skydiving Facilities in Australia; iFLY Downunder (Penrith NSW) and iFLY Gold Coast. The assets of iFLY Perth were sold with effect 30th August 2019, though settlement was delayed. Final settlement occurred 21st February 2020. ISA Group also has a joint venture with 1 Utama in Kuala Lumpur, Malaysia.

ISA Group has recently launched its wholly owned virtual reality business FREAK Entertainment with the first site in Sydney opening to the public on the 13th December 2019.

For the half-year ended 31 December 2019, ISA Group reported Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) loss of \$1,651,445 (2018: profit of \$351,506). This includes losses from discontinuing operations of \$920,819 and other non-operating expenses of \$423,832, to show an underlying negative EBITDA of \$306,794. The underlying EBITDA includes \$323,813 of royalty expense which is non-cash. The net loss after tax is \$3,375,943 (2018: loss of \$1,170,569).

EBITDA is not an accepted classification under the accounting standards, however the Directors consider it a useful measure when considering the performance of Vertical Wind Tunnel (VWT) operations.

The following table summarises key reconciling items between statutory profit after tax attributable to the shareholders of the consolidated entity and EBITDA.

	December 2019 \$	December 2018 \$
EBITDA	(1,651,455)	351,506
Less: Depreciation and amortisation	(742,344)	(735,461)
Less: Finance cost	<u>(513,646)</u>	<u>(496,706)</u>
Loss before income tax benefit	(2,907,445)	(880,661)
Income tax (expense) benefit	<u>(468,498)</u>	<u>(289,908)</u>
Loss after income tax	<u><u>(3,375,943)</u></u>	<u><u>(1,170,569)</u></u>

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 4 of the interim financial report.

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

On behalf of the Directors



Steve Baxter

Chairman

Dated: 28 February 2020



Wayne Peter Jones

Director & Chief Executive Officer

Auditor's Independence Declaration To the Directors of Indoor Skydive Australia Group Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Indoor Skydive Australia Group Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



FELSERS
Chartered Accountants



Vindran Vengadasalam
Partner

28 February 2020

Sydney, Australia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half Year Ended 31 December 2019

	Note	Consolidated Group	
		Half Year ending 31 Dec 19	Half Year ending 31 Dec 18
		\$	\$
Revenues	2(a)	3,397,569	6,227,179
Cost of Sales		(889,155)	(1,380,709)
Gross Profit		<u>2,508,414</u>	<u>4,846,470</u>
Other income	2(a)	8,915	335,131
Selling and marketing expenses	2(b)	1,416,379	2,344,233
Administration expenses	2(b)	2,056,789	2,506,184
Other operating expenses		364,513	671,594
Loss Before Interest and Tax		<u>(1,320,352)</u>	<u>(340,410)</u>
Finance expense		(513,646)	(496,706)
Net financing costs		<u>(513,646)</u>	<u>(496,706)</u>
Share of loss of a joint venture entity		(152,628)	(43,545)
Loss from discontinuing operations		(920,819)	-
Loss Before Tax		<u>(2,907,445)</u>	<u>(880,661)</u>
Income tax (expense) / benefit		(468,498)	(289,908)
Loss After Tax		<u>(3,375,943)</u>	<u>(1,170,569)</u>
Attributable to:			
Equity holders of the parent		(3,375,943)	(1,170,569)
Non-controlling interests		-	-
		<u>(3,375,943)</u>	<u>(1,170,569)</u>
Earnings per share			
- Basic earnings per share (cents)		(1.01)	(0.86)
- Diluted earnings per share (cents)		(1.01)	(0.86)
Other comprehensive income			
Exchange differences on translation of foreign operations		-	-
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>(3,375,943)</u>	<u>(1,170,569)</u>
Attributable to:			
Equity holders of the parent		(3,375,943)	(1,170,569)
		<u>(3,375,943)</u>	<u>(1,170,569)</u>

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	Consolidated Group	
		As at 31 Dec 2019	As at 30 Jun 2019
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		315,430	140,665
Trade and other receivables		222,986	215,254
Inventories		21,382	30,148
Assets held for disposal		10,202,393	9,736,903
Other financial asset		46,541	49,360
TOTAL CURRENT ASSETS		10,808,732	10,172,330
NON-CURRENT ASSETS			
Property, plant and equipment	13	25,332,231	26,285,762
Right of Use over Asset		9,225,769	-
Investment in a joint venture entity	16	670	153,298
Deferred tax asset		469,841	938,339
Other financial asset		59,223	132,585
TOTAL NON-CURRENT ASSETS		35,087,734	27,509,984
TOTAL ASSETS		45,896,466	37,682,314
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	3	3,170,514	3,334,028
Lease Liability		515,351	-
Deferred revenue	4	787,086	759,681
Borrowings	5	1,651,464	1,651,465
Liabilities held for disposal		7,307,843	6,722,153
Provisions		192,855	196,619
TOTAL CURRENT LIABILITIES		13,625,113	12,663,946
NON-CURRENT LIABILITIES			
Borrowings	5	9,220,256	9,454,229
Lease Liability		9,149,695	-
Provisions		628,804	632,692
TOTAL NON-CURRENT LIABILITIES		18,998,755	10,086,921
TOTAL LIABILITIES		32,623,868	22,750,867
NET ASSETS		13,272,598	14,931,447
EQUITY			
Share capital	7	42,528,694	40,810,939
Reserves		9,467	9,467
Accumulated Losses		(29,265,563)	(25,888,959)
Equity attributable to equity holders of the parent		13,272,598	14,931,447
TOTAL EQUITY		13,272,598	14,931,447

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half Year Ended 31 December 2019

	Attributable to the equityholders of the parent			
	Issued Capital	Reserves	Retained Earnings	Total equity
	\$	\$	\$	\$
Balance at 1 July 2019	40,810,939	9,467	(25,889,620)	14,930,786
Shares issued during the half year	1,717,755	-	-	1,717,755
Comprehensive income				
Loss for the half year	-	-	(3,375,943)	(3,375,943)
Total comprehensive loss for the half year	-	-	(3,375,943)	(3,375,943)
Balance at 31 December 2019	42,528,694	9,467	(29,265,563)	13,272,598
Balance at 1 July 2018	40,810,939	58,450	(18,487,961)	22,381,428
Employee share based payment performance rights	-	16,175	-	16,175
Comprehensive income				
Loss for the half year	-	-	(1,170,569)	(1,170,569)
Total comprehensive loss for the half year	-	-	(1,170,569)	(1,170,569)
Balance at 31 December 2018	40,810,939	74,625	(19,658,530)	21,227,034

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half Year Ended 31 December 2019

	Consolidated Group	
	Half Year ending 31 Dec 19	Half Year ending 31 Dec 18
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	4,379,999	7,143,014
Payments to suppliers and employees	(3,808,701)	(7,391,184)
Payments to suppliers from prior periods	(1,185,027)	-
Finance costs	(121,114)	(496,706)
Net cash inflows from operating activities	(734,843)	(744,876)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(331,787)	(72,028)
Net cash outflows from investing activities	(331,787)	(72,028)
Cash Flows From Financing Activities		
Proceeds from issue of securities	2,000,053	-
Proceeds from borrowings	-	1,500,000
Repayment of borrowings	(475,967)	(1,128,736)
Share issue costs	(282,691)	-
Net cash inflows from financing activities	1,241,395	371,264
Net decrease in cash held	174,765	(445,640)
Cash and cash equivalents at beginning of period	140,665	953,541
Cash and cash equivalents at end of period	315,430	507,901

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of ISA Group are for the six (6) months ended 31 December 2019 and are presented in Australian Dollar (\$AUD), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of ISA Group for the year ended 30 June 2019 and any public announcements made by ISA Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 28 February 2020.

b. Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in ISA Group's last annual financial statements for the year ended 30 June 2019, with the exception of the new AASB 16 as shown in Note 10.

The accounting policies have been applied consistently throughout ISA Group for the purposes of preparation of these interim financial statements.

c. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in ISA Group's last annual financial statements for the year ended 30 June 2018.

d. Going Concern

The Group incurred a loss for the half year after tax of \$3,375,943 (2018: loss of \$1,170,569) and as at 31 December 2019, had a net current deficiency in assets of \$2,816,381 (2018: deficiency \$5,808,594). The Group generated positive cash flows from normal operations during the half year of \$450,184 (\$734,843 less \$1,185,027), together with a further negative \$1,185,027 satisfying outstanding creditors as outlined in the prospectus (2018: negative \$744,876). Future expected cash flows have not been taken into account in determining the current assets position. Included within current liabilities is deferred revenue of \$787,086 that will be realised as revenue once the service has been delivered to the customer.

The following matters have been considered by the directors in determining the appropriateness of the going concern basis of preparation in the financial statements:

- i. Management has prepared detailed cash flow forecasts that are monitored on an ongoing basis.
- ii. The company is in positive discussions with WBC in order to realign its covenants post the sale of the Perth Assets.
- iii. The company has continued to deliver on its short-term strategy of repair, growth and diversification.

Given the current strategic plan underway by the ISA Group Board, along with forecasted cash flows from operations the Directors are of the view that the company will continue as a going concern.

NOTE 2: REVENUE AND EXPENSES

	Consolidated Group	
	Half Year ending 31 Dec 19	Half Year ending 31 Dec 18
a) Revenue	\$	\$
VWT revenue - rendering of services	3,037,441	5,689,454
Other sales	360,127	537,725
	3,397,569	6,227,179
Other Income		
Other	8,915	335,131
	8,915	335,131
b) Selling and Marketing Expenses		
Marketing Expenses	288,623	372,581
Employment Expenses	1,127,755	1,971,652
	1,416,379	2,344,233
Administration Expenses		
Depreciation and Amortisation Expenses	742,344	735,461
Occupancy Expenses	358,858	638,581
Employment Expenses	846,601	970,063
Legal Fees	80,767	66,544
Directors' fees	28,220	95,535
	2,056,789	2,506,184

Note that 2019 excludes \$559,933 revenues and \$438,674 expenses from Perth site which has been reclassified as Loss from discontinuing entities.

NOTE 3: TRADE AND OTHER PAYABLES

	As at 31 December 2019	As at 30 June 2019
	\$	\$
Trade payables	2,099,522	1,305,784
Other accruals	1,070,992	2,028,244
	3,170,514	3,334,028

NOTE 4: DEFERRED REVENUE

	As at 31 December 2019	As at 30 June 2019
	\$	\$
Deferred revenue	787,086	759,681
	787,086	759,681

Deferred revenue primarily represents prepaid sales in respect of flight time purchased in advance. The sales are released to revenue at the time the services are rendered except the gift card revenue which is released in relation to expected redemption rates.

NOTE 5: BORROWINGS

	As at 31 December 2019 \$	As at 30 June 2019 \$
Current Liabilities		
Westpac debt facility	1,651,464	1,651,465
	1,651,464	1,651,465
Non - Current Liabilities		
Westpac debt facility	6,220,256	6,454,229
Loan from Birkdale Holdings (QLD) Pty Ltd	3,000,000	3,000,000
	9,220,256	9,454,229

The Company has in place a secured debt facility with Westpac Banking Corporation with current loan amount of \$7.9M at reporting date. Interest payable on each component is based on current market rates, over a maximum 5 year term. Security provided is:

Fully Interlocking Guarantee and Indemnity by:

Indoor Skydive Australia Group Limited
Indoor Skydiving Penrith Holdings Pty Ltd
Indoor Skydiving Penrith Pty Ltd
Indoor Skydiving Gold Coast Pty Ltd
Indoor Skydiving Adelaide Pty Ltd
Indoor Skydiving Perth Pty Ltd
ISAG Holdings D Pty Ltd
ISAG Café Pty Ltd

Supported by General Security Agreement over all existing and future assets and undertaking by:

Indoor Skydive Australia Group Limited
Indoor Skydiving Penrith Holdings Pty Ltd
Indoor Skydiving Penrith Pty Ltd
Indoor Skydiving Gold Coast Pty Ltd
Indoor Skydiving Adelaide Pty Ltd
Indoor Skydiving Perth Pty Ltd
ISAG Holdings D Pty Ltd
ISAG Café Pty Ltd

Mortgage over lease by Indoor Skydiving Penrith Holdings Pty Ltd.

NOTE 6: DIVIDENDS

No dividends have been paid or declared during the period.

NOTE 7: ISSUED CAPITAL

	As at 31 December 2019 \$	As at 30 June 2019 \$
336,700,099 (June 2019: 136,696,514) fully paid ordinary shares	44,803,831	42,803,385
Share issue costs	(2,275,138)	(1,992,446)
	42,528,694	40,810,939
	No.	No.
Ordinary Shares		
At the beginning of the reporting period	136,696,514	136,696,514
• Shares issued during the period	200,003,585	-
	336,700,099	136,696,514

NOTE 9: OPERATING LEASES

From 1st July 2019, the operating leases of the business are accounted for using AASB 16. The leases are outlined below:

	Right of Use over Asset	Lease Liability
Property	9,459,987	9,580,446
Equipment	84,309	84,600
Total:	9,544,296	9,665,046

NOTE 10: SIGNIFICANT EVENTS DURING THE PERIOD**Sale of Perth Indoor Skydiving Facility**

On 21 August 2019, ISA Group entered into an Asset Sale Agreement with SkyVenture International for the sale of its Perth Indoor Skydiving Facility. Completion of the sale occurred on 21st Feb 2020. The sale of iFLY Perth was in exchange for;

- Full satisfaction of amounts payable by the ISA Group of companies to SkyVenture under the Promissory Notes which were issued on settlement of the legal dispute in 2018;
- Full satisfaction of all outstanding amounts payable by the ISA Group of companies under the Purchase and Licence Agreements for its three current operations;
- A royalty suspension period of 4 years for Indoor Skydiving Penrith and Indoor Skydiving Gold Coast
- A cash payment to ISA Group of A\$500,000
- Termination of the Purchase and Licence Agreement in relation to iFly Perth; and
- SkyVenture assuming certain liabilities for presold and unused flights.

The sale marks the completion of all disputes with SkyVenture International.

Repayment in full of the Loan Facility from SkyVenture

The loan facility from SkyVenture International Limited of US\$3,789,933 has been fully repaid following settlement on 21 February 2020.

Capital Raise

On 21 August 2019, ISA Group completed an entitlement offer raising a total of \$2m. Funds from the raise were used to fund enhanced marketing activities and systems, further reduce interest bearing debt and launch the company's new growth business, FREAK Entertainment.

New IT Systems launched

Multiple new IT systems were adopted during the 1H20. On 12th November ISA Group launched its new Website and Booking system. The website was implemented in partnership with iFLY Australia, incorporating all 5 Australian facilities. The new Point of Sale and Booking system is powered by the FuseMetrix Group who operate across 40 countries. The new system has vastly improved the customer experience through the booking process and includes the ability to upsell at checkout with a mobile friendly design.

The company also migrated over to a new accounting system in December, allowing for a more streamline accounting process, further assisting in the cost reduction activities still underway.

Launch of FREAK Entertainment – Virtual Reality business

FREAK Entertainment, a wholly owned subsidiary of ISA Group, opened to the public on Friday the 13th December in Penrith, NSW. The product is a free roam, multiplayer virtual reality experience that offers the user the most cutting edge, real life 4D encounter available in Australia.

The product has received extremely positive feedback from gaming and tech critics. The school holiday period was a success and the business continues to perform well. The second location is being prepared at the Gold Coast and further sites throughout Sydney have been identified and are under consideration.

NOTE 11: INTEREST IN SUBSIDIARIES

Set out below are the Group's subsidiaries at 31 December 2019. The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal country of business.

		As at 31 December 2019	As at 30 June 2019
Country of incorporation			
Subsidiaries		%	%
Indoor Skydiving Penrith Holdings Pty Ltd	Australia	100	100
Indoor Skydiving Penrith Pty Ltd	Australia	100	100
Indoor Skydiving Gold Coast Pty Ltd	Australia	100	100
ISA Flight Club Pty Ltd	Australia	100	100
Indoor Skydiving Perth Pty Ltd	Australia	100	100
ISAG Holdings D Pty Ltd	Australia	100	100

ISAG Café Pty Ltd	Australia	100	100
ISA Asia Operations Pty Ltd	Australia	100	100
ISA Asia Holdings Pty Ltd	Australia	100	100
Freak Entertainment Pty Ltd	Australia	100	N/A

NOTE 12: EARNINGS PER SHARE

	As at 31 December 2019 Cents	As at 30 June 2019 Cents
Earnings per share (cents per share)		
From continuing operations:		
- basic earnings per share	(1.01)	(1.90)
- diluted earnings per share	(1.01)	(1.87)
From discontinuing operations:		
- basic earnings per share	(0.73)	(3.51)
- diluted earnings per share	(0.27)	(3.45)
a. Reconciliation of earnings to profit or loss:		
Earnings used to calculate basic EPS - continuing operations	(3,375,943)	(2,603,635)
Earnings used to calculate basic EPS - discontinuing operations	(121,259)	(4,797,363)
Earnings used in the calculation of dilutive EPS - continuing operations	(3,375,943)	(2,603,635)
Earnings used in the calculation of dilutive EPS - discontinuing operations	(121,259)	(4,797,363)
b.	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	336,700,099	136,696,514
Average number of dilutive performance rights outstanding	2,200,000	2,200,000
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	284,254,311	138,896,514

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	As at 31 December 2019 \$	As at 30 June 2019 \$
VWT building infrastructure		
At cost	22,094,539	32,422,344
Accumulated depreciation	(2,625,305)	(2,158,394)
	19,469,235	30,263,950
VWT equipment		
At cost	7,660,802	12,763,818
Accumulated depreciation	(1,949,785)	(1,760,100)
	5,711,018	11,003,718
IT equipment		
At cost	612,734	942,655
Accumulated depreciation	(480,000)	(368,096)
	132,735	574,559
Furniture and fittings		
At cost	191,651	632,603
Accumulated depreciation	(172,406)	(334,172)
	19,245	298,431
Office Equipment		
At cost	3,300	21,997
Accumulated depreciation	(3,300)	(11,331)
	-	10,666
Total		
At cost	30,563,027	46,783,417
Accumulated depreciation	(5,230,795)	(4,632,093)
	25,332,231	42,151,324

With the adoption of AASB 16 (Leases) there is an additional \$143,641 of depreciation of the right-of-use assets (see Note 9)

NOTE 14: EVENTS AFTER THE END OF THE INTERIM PERIOD

On 21st February, settlement was completed of the sale of the assets of the iFLY Perth operation to iFLY Australia Pty Ltd. This sale was effective 30th August 2019.

NOTE 15: INTEREST IN A JOINT VENTURE

The Group has a 40% interest in LeisureWorld Assets Sdn. Bhd., a joint venture involved in owning an indoor skydive facility in Kuala Lumpur, Malaysia. The Group's interest in LeisureWorld Assets Sdn. Bhd. is accounted for using the equity method and the following table illustrates the summarised financial information of the Group's investment.

The Group has a 60% interest in LeisureWorld Escapades Sdn. Bhd., a joint venture involved in operating an indoor skydiving facility in Kuala Lumpur, Malaysia. The Group's interest in LeisureWorld Escapades Sdn. Bhd. is accounted for using the equity method.

	LeisureWorld Assets Sdn. Bhd		LeisureWorld Escapades Sdn. Bhd	
	31 Dec 2019	30 Jun 2019	31 Dec 2019	30 Jun 2019
	\$	\$	\$	\$
Current assets	3,675,481	1,037,347	102,701	103,039
Non-current assets	4,061,742	4,297,962	54,919	72,741
Current liabilities	- 8,448,516	- 6,015,496	- 1,751,331	1,333,281
Non-current liabilities	-	-	-	-
Equity	711,294	- 680,188	1,593,711	- 1,509,061
Group's carrying amount of the investment	670	153,298	-	-

	01 Jul 2019 to 31 Dec 2019	01 Jan 2019 to 30 Jun 2019	01 Jul 2019 to 31 Dec 2019	01 Jan 2019 to 30 Jun 2019
	\$	\$	\$	\$
Revenue	620,667	617,360	445,342	472,133
Cost of sales	171,221	147,620	654,770	662,203
Administration expenses	263,263	251,841	226,780	226,812
Finance costs	217,288	246,687		
Loss before tax	- 31,105	- 28,788	- 436,209	- 416,882
Income tax benefit	-	-	-	-
Loss for the half year	- 31,105	- 28,788	- 436,209	- 416,882
Group's share of the loss for the half year	- 12,442	- 11,515	- 261,725	- 250,129

The Share of loss in the joint venture entity is the result of the decrease in the Group's carrying value of the investment, from \$153,298 to \$670.

Note that LeisureWorld Escapades Sdn. Bhd has a negative Net Assets. Accordingly, equity accounting is discontinued and the investment is carried as nil.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Indoor Skydive Australia Group Limited, the directors of the Company declare that:

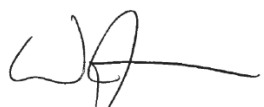
1. The financial statements and notes, as set out on pages 5 to 16 are in accordance with the *Corporations Act 2001*, including:
 - A. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - B. giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
2. In the directors' opinion, by continuing to pursue the courses of action outlined in Note 1(d)(iii), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Steve Baxter

Chairman

Dated: 28 February 2020



Wayne Peter Jones

Director & Chief Executive Officer

Independent Auditor's Review Report To the Members of Indoor Skydive Australia Group Limited

Report on the Half Year Financial Report

We have reviewed the accompanying half-year financial report of Indoor Skydive Australia Group Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year 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 a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulation 2001*. As the auditor of the Group ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Emphasis of Matter

We draw attention to Note 1(d) of the half-yearly financial statements which details the fact that the ability of the Group to continue as a going concern is dependent on the courses of action currently underway by ISA Group Management and forecasted cash flow operations. In addition, the Group's net working capital deficiency of \$2,816,382 has contributed to the Group's non-compliance with debt covenants. Our opinion is not modified in respect of this matter.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matters that makes us believe that the half-year financial report of Indoor Skydive Australia Group is not in accordance with the *Corporations Act 2001* including:

- + Giving a true and fair of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- + Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulation 2001*.



FELSERS
Chartered Accountants



Vindran Vengadasalam
Partner

28 February 2020

Sydney, Australia