

## Appendix 4D

### Indoor Skydive Australia Group Limited Half Year Report Period ended 31 December 2016

#### Results for Announcement to the Market

<b>Details of Reporting Periods</b>	
Current:	1 July 2016 to 31 December 2016
Comparative:	1 July 2015 to 31 December 2015

Financial Results	Half year to 31/12/16	Half year to 31/12/15	Change %	Change \$
	\$	\$		
<b>Total revenue</b> ("revenue from ordinary activities")	5,150,196	3,905,005	32%	1,245,191
<b>Net operating loss</b> ("loss from ordinary activities after tax attributable to members")	(893,326)	(190,022)	(370%)	(703,304)
<b>Total comprehensive loss for the period</b> ("net loss for the period attributable to members")	(893,326)	(190,022)	(370%)	(703,304)

<b>Commentary on results</b>
Please refer to the attached Interim Financial Report and Financial Statements for further explanation of the results.

Dividends	Half year to 31/12/16	Half year to 31/12/15
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 31/12/16	Half year to 31/12/15
<b>Net tangible assets per share</b>	\$0.24	\$0.25

<b>Financial Report</b>
The Company's independent auditor, Grant Thornton Audit Pty Ltd, has completed a review of the Group's 31 December 2016 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 2016

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## 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 2016.

### 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

Kenneth James GILLESPIE, AC, DSC, CSM

Daniel Christopher HOGAN, MG

Wayne Peter JONES

David Victor MURRAY, AO

Kirsten THOMSON

### Company Secretary

Fiona Louise YIEND

### Review of Operations

The principal activities of ISA Group during the half-year were to construct and operate indoor skydiving facilities. Construction continues to be a focus of the Company, with our third facility located in Perth Western Australia opening to the public on 14 December 2016. ISA Group has secured the site for its fourth facility in Australia, to be located at Moore Park Sydney, with the Agreement for Lease entered into in November 2016. The Agreement for Lease is subject to conditions including receiving development approval to build and operate the facility. A Memorandum of Understanding has also been entered into for ISA Group's first international facility in Malaysia (see ASX Announcement dated 14 February 2017). The management team continues to work with a number of potential partners in Asia to secure additional international facilities.

For the half-year ended 31 December 2016, ISA Group reported Earnings Before Interest, Tax, Depreciation and Amortisation (**EBITDA**) loss of \$421,785 (2015: profit \$32,630) and a net loss after tax of \$893,326 (2015: \$190,022).

Deferred revenue has continued to grow and now stands at \$2,402,515 compared to \$1,016,439 as at 30 June 2016.

EBITDA is not an accepted classification under the accounting standards, however, the Directors consider it a useful measure when considering the performance of 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 2016 \$	December 2015 \$
<b>EBITDA</b>	(421,785)	32,630
Less: Depreciation and amortisation	(713,679)	(442,669)
Less: Finance cost	(194,540)	(953)
Add: Interest income	<u>4,788</u>	<u>24,920</u>
<b>Loss before income tax benefit</b>	(1,325,216)	(386,072)
Income tax benefit	<u>431,890</u>	<u>196,050</u>
<b>Loss after income tax</b>	<u><u>(893,326)</u></u>	<u><u>(190,022)</u></u>

### Events Subsequent to Balance Date

Subsequent to the Balance Date, the Company announced the signing of a Memorandum of Understanding to develop its first international facility to be located in Malaysia. See ASX announcement “ISA Group’s First Facility in Malaysia” dated 14 February 2017 for further details.

### 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



**Kenneth James Gillespie, AC**

Chairman

Dated: 21 February 2017



**Wayne Peter Jones**

Director & Chief Executive Officer

## AUDITOR'S INDEPENDENCE DECLARATION



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### **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 2016, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in blue ink, appearing to read "P J Woodley".

P J Woodley  
Partner - Audit & Assurance

Sydney, 21 February 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half Year Ended 31 December 2016

	31 December 2016 \$	31 December 2015 \$
<b>Revenue</b>		
Sales revenue	5,130,316	3,712,492
Grant income	24,875	30,875
Interest income	4,788	24,920
Foreign exchange fair value (loss)/gain	(9,783)	136,718
<b>Total revenue</b>	5,150,196	3,905,005
<b>Expenses</b>		
Cost of sales	(1,091,437)	(709,124)
Depreciation and amortisation	(713,679)	(442,669)
Administration expenses	(203,772)	(172,707)
Accounting and audit fees	(51,289)	(31,449)
Legal fees	-	(22,859)
Professional Fees	(59,524)	(51,130)
Share registry and ASX fees	(38,178)	(36,297)
Advertising and marketing expense	(445,081)	(324,613)
Travel and entertainment expense	(85,009)	(138,982)
Share based payments	(160,164)	(147,228)
Employee expenses	(2,623,637)	(1,668,030)
Insurance	(119,507)	(120,542)
Directors fees	(117,110)	(96,029)
Finance costs	(194,540)	(953)
Occupancy expenses	(572,485)	(328,465)
<b>Loss for the period before tax</b>	(1,325,216)	(386,072)
Income tax benefit	431,890	196,050
<b>Loss for the period</b>	(893,326)	(190,022)
Other comprehensive income for the period, net of tax	-	-
<b>Total comprehensive loss for the period</b>	(893,326)	(190,022)
<b>Loss per share</b>		
From continuing operations:		
– Basic loss per share (cents)	(0.73)	(0.16)
– Diluted loss per share (cents)	(0.73)	(0.16)

The accompanying notes form part of these financial statements

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### As at 31 December 2016

	Notes	31 December 2016 \$	30 June 2016 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,838,140	2,550,601
Trade and other receivables		485,320	688,525
Inventory		102,835	59,794
<b>TOTAL CURRENT ASSETS</b>		<u>2,426,295</u>	<u>3,298,920</u>
<b>NON-CURRENT ASSETS</b>			
Deferred tax asset		2,276,052	1,844,162
Property, plant and equipment	2	46,726,320	38,070,213
Intangible asset		341,102	426,378
<b>TOTAL NON-CURRENT ASSETS</b>		<u>49,343,474</u>	<u>40,340,753</u>
<b>TOTAL ASSETS</b>		<u>51,769,769</u>	<u>43,639,673</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	3	2,981,228	3,445,188
Provisions		225,683	195,260
Deferred revenue	4	2,402,515	1,016,439
Borrowings	5	873,030	711,584
<b>TOTAL CURRENT LIABILITIES</b>		<u>6,482,456</u>	<u>5,368,471</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	5	10,359,015	8,436,342
Provision for site restoration		2,069,302	1,581,770
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>12,428,317</u>	<u>10,018,112</u>
<b>TOTAL LIABILITIES</b>		<u>18,910,773</u>	<u>15,386,583</u>
<b>NET ASSETS</b>		<u>32,858,996</u>	<u>28,253,090</u>
<b>EQUITY</b>			
Issued capital		40,474,169	34,648,455
Share based payments reserve		331,682	658,164
Accumulated losses		(7,946,855)	(7,053,529)
<b>TOTAL EQUITY</b>		<u>32,858,996</u>	<u>28,253,090</u>

The accompanying notes form part of these financial statements



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### For the Half Year Ended 31 December 2016

	Issued Capital	Share based payments reserve	Accumulated losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2015</b>	33,639,681	1,185,050	(5,738,624)	29,086,107
Shares issued during the period	-	-	-	-
Share issue on exercise of performance rights	204,450	(204,450)	-	-
Employee share based payment performance rights	-	147,228	-	147,228
<b>Comprehensive income</b>				
Loss for the period	-	-	(190,022)	(190,022)
<b>Total comprehensive loss for the period</b>	-	-	(190,022)	(190,022)
<b>Balance at 31 December 2015</b>	33,844,131	1,127,828	(5,928,646)	29,043,313
<b>Balance at 1 July 2016</b>	34,648,455	658,164	(7,053,529)	28,253,090
Shares issued during the period	5,665,000	-	-	5,665,000
Share issue costs	(325,932)	-	-	(325,932)
Share issue on exercise of performance rights	486,646	(486,646)	-	-
Employee share based payment performance rights	-	160,164	-	160,164
<b>Comprehensive income</b>				
Loss for the period	-	-	(893,326)	(893,326)
<b>Total comprehensive loss for the period</b>	-	-	(893,326)	(893,326)
<b>Balance at 31 December 2016</b>	40,474,169	331,682	(7,946,855)	32,858,996

The accompanying notes form part of these financial statements

## CONSOLIDATED STATEMENT OF CASH FLOWS

### For the Half Year Ended 31 December 2016

	31 December 2016 \$	31 December 2015 \$
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	6,827,308	4,043,749
Payments to suppliers and employees	(5,762,233)	(2,549,078)
Grant income received	24,875	30,875
Interest received	4,788	24,920
Finance costs	(176,707)	(953)
<b>Net cash inflows from operating activities</b>	<u>918,031</u>	<u>1,549,514</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(9,043,897)	(6,341,531)
<b>Net cash outflows from investing activities</b>	<u>(9,043,897)</u>	<u>(6,341,531)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of securities	5,665,000	-
Proceeds from borrowings	2,084,119	1,000,000
Share issue costs	(325,932)	-
<b>Net cash inflows from financing activities</b>	<u>7,423,187</u>	<u>1,000,000</u>
<b>Net (decrease)/increase in cash held</b>	(702,679)	(3,792,017)
Cash and cash equivalents at beginning of period	2,550,602	5,647,175
Effects of exchange rate changes	(9,783)	136,718
<b>Cash and cash equivalents at end of period</b>	<u>1,838,140</u>	<u>1,991,876</u>

The accompanying notes form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2016

### 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 2016 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 2016 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 21 February 2017.

#### 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 2016.

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 2016.

**NOTE 2: PROPERTY, PLANT AND EQUIPMENT**

	As at 31 December 2016 \$	As at 30 June 2016 \$
<b>VWT Equipment and Building Infrastructure (Operational)</b>		
At cost	45,993,299	29,451,360
Accumulated depreciation	(2,072,813)	(1,444,409)
<b>Total VWT Equipment and Building Infrastructure</b>	<u>43,920,486</u>	<u>28,006,951</u>
<b>Provision for Site Restoration of the VWT Equipment and Building Infrastructure on Termination of Lease</b>		
At cost	2,069,302	1,533,491
Accumulated depreciation	(66,112)	-
<b>Total Provision for Site Restoration of the VWT Equipment and Building Infrastructure</b>	<u>2,003,190</u>	<u>1,533,491</u>
<b>VWT Construction Work in Progress</b>		
VWT Equipment and Building Infrastructure under construction	-	7,727,127
VWT deposits paid	802,644	802,644
<b>Total Construction Work in Progress</b>	<u>802,644</u>	<u>8,529,771</u>
As construction commences on a facility, the balance is transferred from VWT deposits paid to VWT Equipment and Building Infrastructure under construction.		
<b>Total</b>		
At cost	48,865,245	39,514,622
Accumulated depreciation	(2,138,925)	(1,444,409)
<b>Total</b>	<u>46,726,320</u>	<u>38,070,213</u>

Movements in Carrying Amounts	VWT Equipment Building Infrastructure	Provision for Site Restoration of VWT Equipment and Building Infrastructure	VWT Construction Work In Progress	Total
	\$	\$	\$	\$
<b>Consolidated Group:</b>				
Balance at 1 July 2015	14,380,543	-	9,500,553	23,881,096
Additions	14,380,641	1,533,491	(970,782)	14,943,350
Depreciation expense	(754,233)	-	-	(754,233)
Balance at 30 June 2016	<u>28,006,951</u>	<u>1,533,491</u>	<u>8,529,771</u>	<u>38,070,213</u>
Additions	16,541,938	535,811	(7,727,127)	9,350,622
Depreciation expense	(628,403)	(66,112)	-	(694,515)
Balance at 31 December 2016	<u>43,920,486</u>	<u>2,003,190</u>	<u>802,644</u>	<u>46,726,320</u>

**NOTE 3: TRADE AND OTHER PAYABLES**

	<b>As at 31 December 2016 \$</b>	<b>As at 30 June 2016 \$</b>
Trade payables	2,149,853	2,561,130
Other payables and accruals	831,375	884,058
	<u>2,981,228</u>	<u>3,445,188</u>

Prior to the current period, iFly Australia Pty Ltd have exercised their rights under the Exclusive Territory Development Agreement to invest up to \$1,000,000 each in two subsidiaries of the Parent Company, namely Indoor Skydiving Gold Coast Pty Ltd and Indoor Skydiving Perth Pty Ltd. The investment has been agreed to be set off against amounts owed to iFly Australia Pty Ltd for the purchase of equipment. As shares in the subsidiaries have not yet been issued, a non-controlling interest in the Group has not been recognised in the Group balance sheet as at the reporting date and is included in trade payables above. Included in the balance above is therefore \$2,000,000 which is expected to be settled through the issue of equity in subsidiaries.

**NOTE 4: DEFERRED REVENUE**

	<b>As at 31 December 2016 \$</b>	<b>As at 30 June 2016 \$</b>
Deferred revenue	2,402,515	1,016,439
	<u>2,402,515</u>	<u>1,016,439</u>

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, or in the case of gift cards, when they are redeemed, expire, or are no longer expected to be used.

**NOTE 5: BORROWINGS**

	<b>As at 31 December 2016 \$</b>	<b>As at 30 June 2016 \$</b>
<b>Current Liabilities</b>		
Westpac debt facility	873,030	711,584
	<u>873,030</u>	<u>711,584</u>
<b>Non - Current Liabilities</b>		
Westpac debt facility	10,359,015	8,436,342
	<u>10,359,015</u>	<u>8,436,342</u>

The Company has in place a \$12.9m secured debt facility with Westpac Banking Corporation. Interest payable on each component is based on current market rates, over a maximum 5 year term.

**NOTE 5: BORROWINGS (Continued)**

Security provided is:

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  
ISA Asia Operations Pty Ltd  
ISA Asia Holdings 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  
ISA Asia Operations Pty Ltd  
ISA Asia Holdings Pty Ltd

Mortgage over lease by Indoor Skydiving Penrith Holdings Pty Ltd.

Flawed Asset Arrangement – deposits by Indoor Skydiving Penrith Holdings Pty Ltd over a deposits account held with Westpac Banking Corporation.

**NOTE 6: SEGMENT INFORMATION**

**General information**

***Identification of reportable segments***

The Group's operations are in one business segment being the construction and operation of indoor skydiving facilities. The Group operates in one geographical segment being Australia. All subsidiaries in the Group operate within the same segment.

***Types of Products and Services by Segment***

The products and services will include a number of indoor skydiving facilities allowing human flight within a safe environment used by tourists, enthusiasts and military.

**Basis of Accounting for Purposes of Reporting by Operating Segments**

***Accounting policies adopted***

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in these financial statements.

**NOTE 7: ISSUED CAPITAL**

	As at 31 December 2016 \$	As at 30 June 2016 \$
135,884,625 (30 June 2016: 120,193,004) fully paid ordinary shares	42,450,416	36,298,770
Share issue costs	<u>(1,976,247)</u>	<u>(1,650,315)</u>
	<u>40,474,169</u>	<u>34,648,455</u>
	No.	No.
Ordinary Shares		
At the beginning of the reporting period	120,193,004	118,974,294
• Shares issued during the period	14,907,909	-
• Share based payments	<u>783,712</u>	<u>1,218,710</u>
	<u>135,884,625</u>	<u>120,193,004</u>

**NOTE 8: DIVIDENDS**

No dividends have been paid or declared during the period.

**NOTE 9: CAPITAL AND LEASING COMMITMENTS**

	As at 31 December 2016 \$	As at 30 June 2016 \$
<b>a. Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable – minimum lease payments:		
- Not later than 12 months	1,010,333	892,765
- Between 12 months and five years	4,039,357	3,396,091
- Later than five years	<u>12,609,785</u>	<u>11,590,051</u>
	<u>17,659,475</u>	<u>15,878,907</u>
<b>b. Capital Commitments</b>		
Subsidiary capital commitments contracted for but not recognised in the financial statements		
	<u>180,094</u>	<u>6,857,855</u>
	<u>180,094</u>	<u>6,857,855</u>

**NOTE 10: EVENTS AFTER THE END OF THE INTERIM PERIOD**

Subsequent to the Balance Date, the Company announced the signing of a Memorandum of Understanding to develop its first international facility to be located in Malaysia. See ASX announcement “ISA Group’s First Facility in Malaysia” dated 14 February 2017 for further details.

**NOTE 11: INTEREST IN SUBSIDIARIES**

Set out below are the Group's subsidiaries at 30 June 2016. 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.

Subsidiaries	Country of Incorporation	As at	As at
		31 December	30 June
		2016	2016
		%	%
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
Indoor Skydiving Adelaide 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	N/A
ISA Asia Holdings Pty Ltd *	Australia	100	N/A

\* entity first registered during the reporting period

**Note 12: EARNINGS PER SHARE**

	As at	As at
	31 December	30 June
	2016	2016
	Cents	Cents
<b>Earnings per share (cents per share)</b>		
From continuing operations:		
- basic earnings per share	(0.73)	(1.10)
- diluted earnings per share	(0.73)	(1.10)
a. Reconciliation of earnings to profit or loss:	\$	\$
Profit	(893,326)	(1,314,903)
Earnings used to calculate basic EPS	(893,326)	(1,314,903)
Earnings used in the calculation of dilutive EPS	(893,326)	(1,314,903)
b.	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	122,273,500	119,673,163
Weighted average number of dilutive performance rights outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	122,273,500	119,673,163



**Note 13: CONTINGENT LIABILITIES**

The Group has various guarantees over premises:

	<b>As at 31 December 2016 \$</b>	<b>As at 30 June 2016 \$</b>
Premises	<u>1,033,230</u>	<u>1,033,230</u>
	<u>1,033,230</u>	<u>1,033,230</u>

There are no other contingent liabilities at period end (30 June 2016: \$nil)

**NOTE 14: BASIS OF ACCOUNTING**

The Group incurred a loss for the period after tax of \$893,326 (2015: loss of \$190,022) and has a net current deficiency in assets of \$3,901,894.

Included within current liabilities are deferred revenue of \$2,402,515 that will be realised as revenue once the service has been delivered to the customer. Included within trade and other payables as outlined in Note 3 is an investment amount of \$2,000,000 by iFly Australia Pty Ltd which is expected to be settled through the issue of equity in the relevant subsidiaries of ISA Group. Therefore, excluding these 2 balances the Group has an adjusted net current asset position of \$500,621 at 31 December 2016. The Group has also generated positive operating net cash flows during the period of \$918,031 (2015: \$1,549,514).

As a result, the financial report has been prepared on a going concern basis.

## 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 15 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 2016 and of its performance for the half-year ended on that date.
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.



**Kenneth James Gillespie, AC**

Chairman

Dated: 21 February 2017



**Wayne Peter Jones**

Director & Chief Executive Officer

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF INDOOR SKYDIVE AUSTRALIA GROUP LIMITED



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

We have reviewed the accompanying half-year financial report of Indoor Skydive Australia Group Limited (the "Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' Responsibility for the Half-year Financial Report**

The Directors of Indoor Skydive Australia Group Limited 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 controls as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

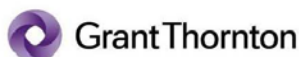
### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 Indoor Skydive Australia Group Limited consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Indoor Skydive Australia Group Limited, ASRE 2410

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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 we 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 complied with the independence requirements of the *Corporations Act 2001*.

**Conclusion**

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in blue ink, appearing to read "P J Woodley".

P J Woodley  
Partner – Audit & Assurance

Sydney, 21 February 2017