

## Appendix 4D

### Indoor Skydive Australia Group Limited Half Year Report Period Ended 31 December 2015

#### Results for Announcement to the Market

Details of Reporting Periods	
Current:	1 July 2015 to 31 December 2015
Comparative:	1 July 2014 to 31 December 2014

Financial Results	Half year to 31-Dec-14 \$	Half year to 31-Dec-15 \$	Change
<b>Total revenue</b> ("revenue from ordinary activities")	3,184,838	3,905,005	23%
<b>Net operating loss</b> ("loss from ordinary activities after tax attributable to members")	-1,994,676	-190,022	90%
<b>Total comprehensive loss for the period</b> ("net profit for the period attributable to members")	-1,994,676	-190,022	97%

#### Commentary on results

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

Dividends	Half year to 31-Dec-14	Half year to 31-Dec-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.		

	As at 31-Dec-14	As at 31-Dec-15
<b>Net tangible assets per share</b>	\$0.25	\$0.24

#### Financial Report

The Company's independent auditor, RSM Bird Cameron Partners, has completed a review of the Group's 31 December 2015 Interim Financial Report on which this report is based and has provided an unqualified Review Report. A copy of the Group's 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 2015

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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 2015.

### 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

Daniel Christopher HOGAN, MG

Wayne Peter JONES

David Victor MURRAY, AO

### Alternative Director

Malcolm John THOMPSON

### 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 the Gold Coast site opening to the public on 6 February 2016, and work continuing to evaluate the development of our Perth facility along with longer term development in Australia. The management team has been negotiating with a number of potential partners in Asia to establish our first international facility.

For the half-year ended 31 December 2015, ISA Group reported earnings before interest, tax, depreciation and amortisation (**EBITDA**) of \$32,631 (2014: loss \$1,636,491) and a net loss after tax of \$190,022 (2014: \$1,994,676).

The half yearly results include fully costed head office expenses of \$1,411,235 which are in place to support the building and operation of multiple vertical wind tunnels (**VWT's**). Also included in the head office expenses are Share Based Payments of \$147,228 which are primarily performance related.

VWT Operations contributed \$1,992,200 on revenue of \$3,589,804 for the period.

Deferred revenue has continued to grow and now stands at \$1,473,074 compared to \$1,280,530 as at 30 June 2015.

During the half year, revenue for the Group grew to \$3.7m from \$3.1m in the corresponding period last year. This was in part due to recognition of revenue associated with expired gift cards.

Cost of Sales reduced when compared to the corresponding period last year, primarily as a result of changes implemented around the use of electricity and management of power infrastructure. The Group saw an increase in employment costs, which was attributable to staffing costs at the Gold Coast facility prior to opening.

Receipts from Customers grew from \$3.6m to \$4.0m on the strength of a highly successful pre-opening sale to the skydiver community in relation to the Gold Coast facility.

## 2016 Interim Financial Report

As disclosed in Note 5, the company obtained a \$6.15 million secured floating rate debt facility in the period. The facility provides the company with the capacity to consider opportunities and issues as they arise.

EBITDA (Earnings before interest, tax, depreciation and amortisation) 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 2015 \$	December 2014 \$
<b>EBITDA</b>	32,631	(1,636,491)
Less: Depreciation and amortisation	(442,669)	(598,754)
Less: Finance cost	(953)	(192,278)
Add: Interest income	24,920	39,470
<b>Profit (Loss) before income tax benefit</b>	(386,071)	(2,388,053)
Income tax benefit	196,050	393,377
<b>Profit (Loss) after income tax</b>	(190,022)	(1,994,676)

### Events Subsequent to Balance Date

Subsequent to balance date, the Company has opened our second Indoor Skydiving Facility (**iFLY Gold Coast**) to the public on 6 February 2016.

The opening of iFLY Gold Coast signalled the achievement of another milestone by founders and Executive Directors, Wayne Jones (CEO) and Daniel Hogan (COO), leading to the issuing of 391,885 Performance Rights to each of them in accordance with the Performance Rights Plan previously approved by shareholders.

The Company has drawn a further \$1.5m, primarily to complete the Gold Coast facility, against the finance facility disclosed at Note 5.

### 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: 23 February 2016



**Wayne Peter Jones**

Director & Chief Executive Officer

## AUDITOR'S INDEPENDENCE DECLARATION



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### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Indoor Skydive Australia Group Limited for the half year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

*RSM*

### RSM AUSTRALIA PARTNERS

*G N Sherwood*  
**G N Sherwood**

Sydney, NSW

Dated: 23 February 2016

### THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

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RSM Australia Partners ABN 36 965 185 036

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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Half Year Ended 31 December 2015

	31 December 2015 \$	31 December 2014 \$
<b>Revenue</b>		
Revenue	3,712,492	3,093,824
Grant income	30,875	0
Interest income	24,920	39,470
Foreign exchange fair value gain	136,718	51,544
<b>Total revenue</b>	<u>3,905,005</u>	<u>3,184,838</u>
<b>Expenses</b>		
Cost of sales	709,124	753,102
Depreciation and amortisation	442,669	598,754
Administration expenses	172,707	177,226
Accounting and audit fees	31,449	36,690
Legal fees	22,859	13,878
Consulting fees	51,130	48,688
Share registry and ASX fees	36,297	58,147
Advertising and marketing expense	324,613	319,053
Travel and entertainment expense	138,982	83,324
Share based payments	147,228	1,471,764
Employee expenses	1,668,030	1,491,380
Insurance	120,542	50,711
Directors fees	96,029	84,250
Finance costs	953	192,278
Occupancy expenses	328,465	193,645
<b>Total expenses</b>	<u>4,291,076</u>	<u>5,572,891</u>
<b>Profit (Loss) for the period before tax</b>	<u>(386,071)</u>	<u>(2,388,053)</u>
Income tax benefit	196,050	393,377
<b>Profit (Loss) for the period</b>	<u>(190,022)</u>	<u>(1,994,676)</u>
Other comprehensive income for the period, net of tax	0	0
<b>Total comprehensive Profit (Loss) for the period</b>	<u>(190,022)</u>	<u>(1,994,676)</u>
<b>Earnings per share</b>		
From continuing operations:		
– Basic earnings per share (cents)	-0.16	-2.09
– Diluted earnings per share (cents)	-0.16	-2.09

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### As at 31 December 2015

	Notes	As at 31 December 2015 \$	As at 30 June 2015 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents		1,991,876	5,647,175
Trade and other receivables		324,200	462,914
Inventory		74,061	44,927
Other financial assets		44,491	98,419
<b>TOTAL CURRENT ASSETS</b>		<b>2,434,629</b>	<b>6,253,436</b>
NON-CURRENT ASSETS			
Deferred tax asset		1,870,054	1,674,004
Property, plant and equipment	2	30,206,890	23,881,098
Intangible asset		568,504	710,630
<b>TOTAL NON-CURRENT ASSETS</b>		<b>32,645,448</b>	<b>26,265,732</b>
<b>TOTAL ASSETS</b>		<b>35,080,076</b>	<b>32,519,168</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	3	3,432,353	2,042,848
Provisions		131,336	109,683
Deferred revenue	4	1,473,074	1,280,530
Borrowings	5	316,060	0
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,352,823</b>	<b>3,433,061</b>
NON-CURRENT LIABILITIES			
Borrowings	5	683,940	0
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>683,940</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>		<b>6,036,763</b>	<b>3,433,061</b>
<b>NET ASSETS</b>		<b>29,043,314</b>	<b>29,086,107</b>
<b>EQUITY</b>			
Issued capital	7	33,844,131	33,639,681
Share based payments reserve		1,127,828	1,185,050
Accumulated losses		(5,928,645)	(5,738,624)
<b>TOTAL EQUITY</b>		<b>29,043,314</b>	<b>29,086,107</b>

The accompanying notes form part of these financial statements.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### For The Half Year Ended 31 December 2015

	Issued Capital \$	Share based payments reserve \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2014</b>	18,467,998	1,093,569	(3,834,703)	15,726,864
Shares issued during the period	14,453,746		-	14,453,746
Share issue costs	(612,199)	-	-	(612,199)
Employee share based payment performance rights	-	1,471,764	-	1,471,764
<b>Comprehensive income</b>				
Loss for the period	-	-	(1,994,676)	(1,994,676)
Other comprehensive income for the period	-	-	-	0
<b>Total comprehensive loss for the period</b>	0	0	(1,994,676)	(1,994,676)
<b>Balance at 31 December 2014</b>	32,309,545	2,565,333	(5,829,379)	29,045,499
<b>Balance at 1 July 2015</b>	33,639,681	1,185,050	(5,738,624)	29,086,107
Shares issued during the period	204,450	(204,450)	-	0
Share issue costs	-	-	-	0
Employee share based payment performance rights	-	147,228	-	147,228
<b>Comprehensive income</b>				
Loss for the period	-	-	(190,022)	(190,022)
Other comprehensive income for the period	-	-	-	0
<b>Total comprehensive loss for the period</b>	0	0	(190,022)	(190,022)
<b>Balance at 31 December 2015</b>	33,844,131	1,127,828	(5,928,645)	29,043,313

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

### For The Half Year Ended 31 December 2015

	31 December 2015 \$	31 December 2014 \$
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	4,043,749	3,686,479
Payments to suppliers and employees	(2,549,078)	(3,347,109)
Grant income received	30,875	0
Interest received	24,920	33,698
Finance costs	(953)	(131,732)
<b>Net cash inflows from operating activities</b>	<u>1,549,514</u>	<u>241,336</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(6,341,531)	(2,813,484)
Sale/(purchase) of term deposits	0	(656,712)
<b>Net cash outflows from investing activities</b>	<u>(6,341,531)</u>	<u>(3,470,196)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issue of securities	0	14,453,746
Proceeds from borrowings	1,000,000	0
Proceeds from convertible note	0	2,600,000
Repayment of convertible note	0	(4,100,000)
Share issue costs	0	(612,199)
<b>Net cash inflows from financing activities</b>	<u>1,000,000</u>	<u>12,341,547</u>
<b>Net increase (decrease) in cash held</b>	<u>(3,792,017)</u>	<u>9,112,687</u>
Cash and cash equivalents at beginning of period	5,647,175	1,117,249
Effects of exchange rate changes	136,718	51,544
<b>Cash and cash equivalents at end of period</b>	<u>1,991,876</u>	<u>10,281,480</u>

The accompanying notes form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

For The Half Year Ended 31 December 2015

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Indoor Skydive Australia Group Ltd and its controlled entities (collectively referred to as the **Group**). This half-year financial report does not include all notes normally included in an annual financial report and it is recommended that it be read in conjunction with the Group's annual report for the year ended 30 June 2015 and with public announcements made by the Company during the period ended 31 December 2015 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 23 February 2016.

#### b. Accounting policies

##### i. Prior Period Adjustment

For the year ended 30 June 2015, the company, based on prior accounting policy advice, capitalised property lease expenditure in relation to the Gold Coast vertical wind tunnel development. This policy was not relevant to the Penrith vertical wind tunnel development where lease rental was not payable until the commencement of operations. While not considered to be material and based on further accounting policy advice, the directors decided to reverse this treatment by restating opening retained earnings and comparative figures. The after tax effect of capitalisation of rent is determined to be \$153,933. The adjustment relates only to the 2015 financial year affecting the following financial statement line items:

	Previously Reported	Restated	Difference
<b>Statement of Financial Position</b>			
Trade Receivables and Other Assets	\$826,165	\$606,261	\$219,904
Deferred Tax	\$1,608,033	\$1,674,004	-\$65,971
<b>Statement of Profit or Loss</b>			
Occupancy Expenses	\$199,917	\$419,821	-\$219,904
Income Tax Benefit	\$216,342	\$282,313	\$65,971
Basic Earnings Per Share	-1.63	-1.78	-0.15
Diluted Earnings Per Share	-1.63	-1.78	-0.15

**ii. Other Accounting Policies**

Other than as set out above the same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

**c. New and revised accounting requirements**

For the half-year reporting period to 31 December 2015, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the Group.

The adoption of all the new and revised Standards and Interpretations has not resulted in any material changes to the consolidated entity's accounting policies and has no effect on the amounts reported for the current or prior half-years.

**d. Critical Accounting Estimates and Judgements**

**i. Useful lives, residual values and classification of property, plant and equipment**

There is a degree of judgement required in estimating the residual values and useful lives of the Property, Plant and Equipment. There is also a degree of judgement required in terms of the classification of such Property, Plant and Equipment. The Group's main assets at present comprise the Vertical Wind Tunnel (VWT) Equipment and its related Building Infrastructure. The construction of these assets are typically foreseen in the lease agreements, however the Board has exercised their judgement in determining that the nature of these assets are that of buildings and equipment, rather than leasehold improvements. On 23 June 2015, the Group entered into a Deed of Restatement and Amended (Deed) with the Penrith Landlord which clarified the application of certain terms of the lease and changed the agreement from 4 consecutive 5 year sub-leases to a single 20 year lease, with two option terms of 10 years each, extending the full term of the lease to 40 years. To this extent, in determining the useful life of the property plant and equipment the directors have determined the useful life of Building Infrastructure to be 40 years reflecting the useful life of the facility.

**ii. Deferred tax**

The Group expects to generate taxable income in the future. As it is considered probable that the unused tax losses will be recouped, the directors have recognised a deferred tax asset to the extent of the tax losses and deductible temporary differences.

**iii. Gift card revenue**

Gift card revenue from the sale of gift cards is recognised when the card is redeemed for the purchase of flight time, or when the gift card is no longer expected to be redeemed. At 31 December 2015, \$612,500 of Gift Card Revenue is recognised (2014: \$0). The key assumption in measuring the liability for gift cards and vouchers is the expected redemption rates by customers, which are reviewed based on historical information. Any reassessment of expected redemption rates in a particular period impacts the revenue recognised from expiry of gift cards and vouchers (either increasing or decreasing). Any reasonably possible change in the estimate is unlikely to have a material impact on the financial statements.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**iv. Exclusive Territory Development Agreement Recognition and Amortisation**

On 20 December 2013 an Exclusive Territory Development Agreement was entered into between the Company and iFly Australia Pty Ltd (**iFly**) to exclusively develop projects in Australia and New Zealand for which iFly would receive 2,500,000 shares in the Company (ASX: IDZ). iFly is the Australian subsidiary of SkyVenture International, our vertical wind tunnel supplier. The agreement has created an intangible asset which is expected to create a future economic benefit. This intangible asset must be initially valued at cost, in accordance with AASB 138. The cost was calculated as \$1,500,000, being the fair value of the shares granted to iFly, at the IDZ close price of \$0.60 at 20 December 2013.

The term of the agreement is limited, and the asset is therefore classified as a finite life intangible asset. An intangible asset with a finite life is to be amortised over its useful life. The amortisation method selected should reflect the pattern over which the asset's future economic benefit is expected to be consumed. If that pattern cannot be determined reliably, the straight-line method is to be used. The amortisation period and method for an intangible asset with a finite useful life are to be reviewed at least at the end of each annual reporting period. If the expected useful life or expected pattern of consumption of the future economic benefit is different from previous estimates, the period or method is to be revised.

An amortisation rate of 40% of the reducing balance has been used against this intangible asset. This reflects the expected consumption of benefits under the agreement. Although it is conceivable that the agreement could run to the full term of 20 years, management expect that the majority of the benefit will be achieved over four years through the delivery of the four tunnels for which deposits have been paid to SkyVenture International.

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

	As at 31 December 2015 \$	As at 30 June 2015 \$
<b>VWT Equipment and Building Infrastructure (Operational)</b>		
At cost	15,162,111	15,072,405
Accumulated depreciation	(988,640)	(691,860)
<b>Total VWT Equipment and Building Infrastructure</b>	<b>14,173,471</b>	<b>14,380,546</b>
<b>VWT Construction Work in Progress</b>		
VWT equipment and building infrastructure under construction	15,230,775	8,749,081
VWT deposits paid	802,644	751,471
<b>Total Construction Work in Progress</b>	<b>16,033,419</b>	<b>9,500,553</b>
<b>Total</b>		
At cost	31,195,530	24,572,958
Accumulated depreciation	(988,640)	(691,860)
<b>Total</b>	<b>30,206,890</b>	<b>23,881,098</b>

**NOTE 3: TRADE AND OTHER PAYABLES**

	As at 31 December 2015 \$	As at 30 June 2015 \$
Trade payables	1,384,003	602,493
Building contract retentions	306,663	21,859
Payroll liabilities	389,268	139,794
Accruals	352,418	278,701
Sky Ventures investment	1,000,000	1,000,000
	<b>3,432,353</b>	<b>2,042,848</b>

iFly Australia Pty Ltd exercised their rights under the Exclusive Territory Development Agreement to invest up to \$1,000,000 in a subsidiary of the Company, Indoor Skydiving Gold Coast 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 subsidiary have not yet been issued a non-controlling interest in the Group has not been recognised in the balance sheet as at the reporting date and is included in Trade Payables above.

**NOTE 4: DEFERRED REVENUE**

	As at 31 December 2015 \$	As at 30 June 2015 \$
Deferred revenue	1,473,074	1,280,530
	<b>1,473,074</b>	<b>1,280,530</b>

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 gifts cards, when they are redeemed, expire, or are no longer expected to be used.

**NOTE 5: BORROWINGS**

	As at 31 December 2015 \$	As at 30 June 2015 \$
<b>Current Liabilities</b>		
Westpac finance facility drawdown	316,060	0
	<b>316,060</b>	<b>0</b>
<b>Non-current Liabilities</b>		
Westpac finance facility drawdown	683,940	0
	<b>683,940</b>	<b>0</b>

The Company put in place a \$6.15m secured debt facility with Westpac Banking Corporation. 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.

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

**NOTE 6: SEGMENT INFORMATION**

The consolidated Group operates in Australia. The consolidated Group has one business segment, being the construction and operation of indoor skydiving facilities in Australia.

# NOTE 7: ISSUED CAPITAL

	As at 31 December 2015 \$	As at 30 June 2015 \$
119,409,294 (30 June 2015: 118,974,294) fully paid ordinary shares	35,494,446	35,289,996
Share issue costs	(1,650,315)	(1,650,315)
	<u>33,844,131</u>	<u>33,639,681</u>
	31 December 2015 No.	30 June 2015 No.
Ordinary Shares		
At the beginning of the reporting period	118,974,294	87,305,666
• Shares issued during the period	0	28,907,492
• Share based payments	435,000	2,761,136
	<u>119,409,294</u>	<u>118,974,294</u>

# NOTE 8: DIVIDENDS

No dividends have been paid or declared during the period.

# NOTE 9: CONTINGENT LIABILITIES AND COMMITMENTS FOR EXPENDITURE

On 23 June 2015, the Group entered into a Deed of Restatement and Amended (**Deed**) with the Penrith Landlord which clarified the application of certain terms of the lease and changed the agreement from 4 consecutive 5 year sub-leases to a single 20 year lease, with two option terms of 10 years each, extending the full term of the lease to 40 years. The requirement to make good the premises is now subject to Landlord's discretion. Management and the directors have considered the new terms of the Deed and have exercised their judgement in determining that the landlord is unlikely to exercise their rights to require the Company to make good the facility in Penrith. An estimate of the cost to remove the VWT and its related Building Infrastructure was determined to be \$2,144,290 for the year ended 30 June 2014. This liability is now contingent on the Landlord exercising their rights and requiring the Group to make good the premises and should contain an inflationary adjustment to determine the full extent of this contingent liability.

The consolidated Group has the following other commitments summarised as follows:

	As at 31 December 2015 \$	As at 30 June 2015 \$
<b>a. Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not Payable – minimum lease payments:		
- Not later than 12 months	680,444	580,793
- Between 12 months and five years	3,056,308	3,015,074
- Later than five years	11,461,155	11,461,155
	<u>15,197,907</u>	<u>15,057,022</u>
<b>b. Capital Commitments</b>		

Capital commitments contracted for but not recognised in the financial statements comprise payment to SkyVenture of USD \$1,862,500 representing amount due for Perth vertical wind tunnel equipment.



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

Subsequent to balance date, the Company has opened our second Indoor Skydiving Facility (**iFLY Gold Coast**) to the public on 6 February 2016.

The opening of iFLY Gold Coast signalled the achievement of another milestone by founders and Executive Directors, Wayne Jones (CEO) and Daniel Hogan (COO), leading to the issuing of 391,885 Performance Rights to each of them in accordance with the Performance Rights Plan previously approved by shareholders.

The Company has drawn a further \$1.5m, primarily to complete the Gold Coast facility, against the finance facility disclosed at Note 5.

#### NOTE 11: INTEREST IN SUBSIDIARIES

Set out below are the Group's subsidiaries at 31 December 2015. 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	2015 %	2014 %
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%

## DIRECTORS' DECLARATION

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

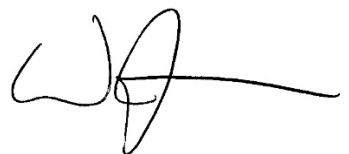
1. The financial statements and notes, as set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including:
  - A. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - B. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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: 23 February 2016



**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

#### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Indoor Skydive Australia Group Limited which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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 of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

The directors of the company 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 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 company's financial position as at 31 December 2015 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 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.

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*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 Indoor Skydive Australia Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

*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 company's financial position as at 31 December 2015 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*.

Yours faithfully

*RSM*

**RSM AUSTRALIA PARTNERS**

**G N Sherwood**

NSW

Dated: 23 February 2016