INDOOR SKYDIVE AUSTRALIA GROUP LIMITED

ABN: 39 154 103 607

ANNUAL REPORT

for the year ended 30 June

2016

ISA GROUP

INDOOR SKYDIVE AUSTRALIA GROUP

CONTENT

Ken Gillespie
Chairman

Dear Shareholder

On behalf of the ISA Group Board of Directors I am pleased to present to you the 2016 Annual Report.

MILESTONE ACHIEVEMENTS

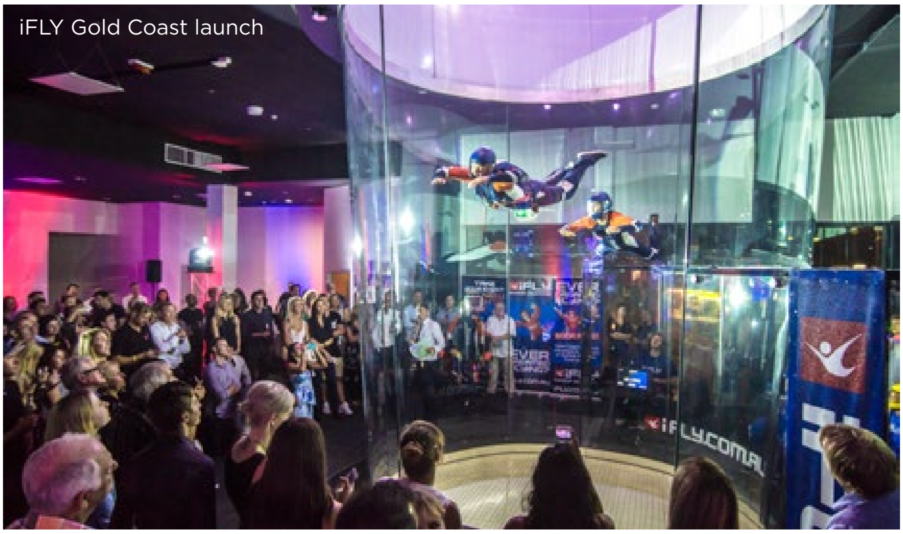
The last 12 months has been a busy, exciting and successful year for the Group. During the year we: continued to successfully operate our Penrith facility; completed and opened our Gold Coast facility; and commenced construction of our third facility in Perth. These exciting events reflect our growth and demonstrated commitment to meeting our strategic aims. The operation of multiple facilities has allowed us to fully implement our Group structure, realise many economies of scale, and consolidate our operating blueprint.

We were also very pleased to welcome to our Board Ms Kirsten Thomson. Kirsten possesses strong financial skills and capital markets experience. These skills, combined with those of other Board members will greatly benefit the Group as we move forward with our strategy for domestic and international expansion.

The only downside to our year was the late opening of our Gold Coast facility and the subsequent loss of anticipated high season tourism income. After a slow start, the Gold Coast facility is now operating at the anticipated levels. The construction lessons learned on the Gold Coast site have resulted in a more robust and outsourced construction management model for our Perth facility. Perth construction is currently well underway and expected delivery milestones are being met.

Our systems and processes have evolved to support multiple facilities and business entities. We have doubled the number of flight instructors within our Group. With this growth we have demonstrated a commitment to training and developing local employees within our facilities. This strategy has ensured that we can deliver internationally recognised in-house training programs, without the use of third parties, while supporting local employment in Sydney's West and on the Gold Coast. Recruitment for our Perth tunnel is already well underway and staff training will commence in the short term.

Indoor skydiving continues to grow as a sport. In August we are conducting the second Australian Indoor Skydiving Championships. Over 60 teams have already registered to compete this year, a 48 percent increase over the 2015 Championship. Brand recognition is being achieved and there is clearly a greater community understanding of the experience we provide.



iFLY Gold Coast launch

Perth's indoor skydiving facility

OPERATING BLUEPRINT

In 2016 we have consolidated our tunnel operating and booking processes to ensure that we deliver a quality, customer focused experience - every time. These operating processes now form the blueprint of our operations and will be the foundation for customer service at each of our indoor skydiving facilities, both domestically and internationally.

Our endeavours in this regard have been positively recognised by our customers, including on social media, and we enjoy high ratings from key reviewing websites such as TripAdvisor.

PLATFORM FOR GROWTH

When iFLY Perth comes online towards the end of the year, ISA Group will have established a very stable operations base from which to continue the pursuit of future growth. These three operational entities; iFLY Downunder, iFLY Gold Coast and iFLY Perth provide an important growth platform. They allow the Group to use each facility to:

- Mitigate the impacts of potential economic downturns or changes. For example, there is no singular reliance on local users, inbound tourists, professional flyers or retail buyers across the Group.
- Provide greater economies of scale in relation to corporate costs.
- Ensure the common application of policies, management practices, and lessons learnt.
- Fund organic growth as each facility is cash flow positive from the commencement of operations.
- Enable integration to promote the growth of indoor skydiving as a sport and to provide a basis for competitions, ongoing industry improvement and skydiving comradery.

THE YEAR AHEAD

The new financial year will provide us with a number of exciting opportunities to be evaluated, both domestically and internationally. These opportunities will allow us to leverage our cash positive platforms for growth and access to new markets. These opportunities complement our stated strategic plan and are the subject of current consideration. I look forward to better inform shareholders as we reach appropriate stages of commercial development and market advice.

I encourage you to read our financial performance which is detailed in the Financial Report. The Board has determined that no dividend will be declared while the Company's focus is on growth.

Thank you for your ongoing support of our Company. 2016 has been another exciting and productive year and I look forward to 2017 as another milestone year.

Ken Gillespie
Chairman

BOARD OF DIRECTORS

From left to right:

David Murray AO
Non-Executive Director

Kirsten Thomson
Non-Executive Director

Wayne Jones
Director & Chief Executive Officer

Ken Gillespie AC, DSC, CSM
Chairman

Danny Hogan MG
Director & Chief Operations Officer

Stephen Baxter
Non-Executive Director

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as **ISA Group**) consisting of Indoor Skydive Australia Group Limited (the **Company**) and the entities it controlled at the end of, or during, the year ended 30 June 2016.

DIRECTORS

The following individuals were Directors of the Company at all times during the year and at the date of this Directors' Report, unless otherwise stated:

Ken Gillespie AC, DSC, CSM
Chairman
Appointed 18 October 2012

One of Australia's most distinguished career soldiers, Lieutenant General (retired) Ken Gillespie, AC, DSC, CSM, is the Chairman of ISA Group. During the year he was a member of the Remuneration & Nomination Committee and the Audit & Risk Committee. He was also the Chairman of the Remuneration & Nomination Committee until 23 August 2016 when he stepped down from the chair although he remains a member of the Remuneration & Nomination Committee.

Ken is on the Board of Directors of leading local defence manufacturer, Airbus Asia Pacific Group, and ASX listed, Senetas Limited. He is also a council member of the Australian Strategic Policy Institute, an internationally recognised Canberra based think tank. Ken, who served with the Australian Defence Force for over 43 years, was appointed Chief of Army in July 2008, a position he held until his retirement in June 2011. Previously he had served as Land Commander Australia and Vice Chief of the Australian Defence Force.

Wayne Jones
Director & Chief Executive Officer
Appointed 4 November 2011

Wayne served for 21 years in the Australian Defence Force and was part of the highly acclaimed Special Air Service Regiment for the last 14 years of his career. Wayne holds various senior instructor qualifications and has been at the forefront of Australian Military Freefall development and training over the past 10 years. He is still involved in the training of special forces troops and he continues to participate in the sport of skydiving at the highest levels. Wayne is a member of the Australian Institute of Company Directors.

Danny Hogan MG
Director & Chief Operations Officer
Appointed 4 November 2011

Danny enlisted in the Australian Regular Army in 1991, and in 1997 was selected for further service within the Special Air Service Regiment. He has been recognised and awarded for his actions and leadership during his 21 year military career including receiving the Medal for Gallantry. He was selected and completed a two year military exchange in the USA with two of the USA's elite Special Forces Commands. While in the USA he gained his freefall parachuting qualifications and developed a very strong background in the use of vertical wind tunnel simulation training. Danny was a highly qualified senior dive instructor within the Special Air Service Regiment. Danny is a member of the Australian Institute of Company Directors.

Stephen Baxter
Non-Executive Director
Appointed 13 August 2012

Former Regular Army electronics technician turned successful entrepreneur, Steve is the founder of early Internet Provider SE Net and co-founder of telecommunications infrastructure company, Pipe Networks Ltd. In 2008 he moved to the USA and joined Google Inc deploying high speed telecommunication infrastructure, before returning to Australia.

Steve is a director of Vocus Communications Limited (resigned 22 February 2016) and Other Levels Limited. He is also known for his entrepreneurial skills and appears on the popular TV show "Shark Tank". He is the founder of Brisbane based not-for-profit River City Labs - an early stage and start-up co-working space for tech and creative companies.

During the year Steve has been a member of the Remuneration & Nomination Committee and Chairman of the Audit & Risk Committee. From 23 August 2016 Steve has taken the role of Chairman of the Remuneration & Nomination Committee and stepped down as Chairman of the Audit & Risk Committee.

David Murray AO
Non-Executive Director
Appointed 3 February 2014

Former Chief Executive Officer of Commonwealth Bank of Australia and Chairman of the Australian Government Future Fund, David has over 40 years' experience in banking and financial services. He was appointed an Officer of the Order of Australia in 2007 for services to the finance sector nationally and internationally through strategic leadership and policy development, to education through fostering relations between educational institutions, business and industry, and to the community as a supporter and fundraiser. David is Chairman of the Butterfly Foundation.

Kirsten Thomson
Non-Executive Director
Appointed 21 June 2016

Kirsten Thomson has over 20 years' experience in the fields of funds management and equities research. She has demonstrated strong success in a broad range of strategic challenges including competing business models, challenging economic cycles and differing and emerging commercial approaches to doing business in Australia and abroad.

Kirsten's extensive experience with listed entities has given her a deep understanding of the essentials of business planning, management of key performance indicators and financial statements. She has a Masters of Finance and is a graduate of the Australian Institute of Company Directors. She also has a keen understanding of shareholder governance expectations and the requirements of the business and investment communities.

From 23 August 2016 Kirsten has been appointed as Chair of the Audit and Risk Committee and as a member of the Nomination & Remuneration Committee.

Malcolm Thompson
Former Alternative Director for Stephen Baxter
Appointed 13 February 2013
Resigned 21 June 2016

An accountant and governance specialist by training, Malcolm has over 24 years' experience across technology, telecommunications, R&D and aerospace industries in senior roles, including chief financial officer, company secretary and director roles. He has been instrumental in setting up governance, financial and operational aspects for listed companies and has assisted a local subsidiary of Airbus NV (EPA:EAD) relating to $6B construction and maintenance contracts for advanced military helicopters.

COMPANY SECRETARY
Fiona Yiend
General Counsel & Company Secretary
Appointed 16 October 2013

Fiona Yiend is an experienced company secretary with has over 7 years' experience in the listed environment. She holds a Bachelor of Arts, Bachelor of Laws (Hons), Graduate Diploma in Applied Finance and Investments, Graduate Diploma in International Law and a Graduate Diploma in Applied Corporate Governance. She is also a member of the Australian Corporate Lawyers Association (ACLA).

DIRECTORS' MEETINGS

The number of Directors' meetings which Directors were eligible to attend (including meetings of Board Committees) and the number of meetings attended by each Director during the year were:

	Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Ken Gillespie	11	10	2	2	2	2
Wayne Jones	11	11				
Danny Hogan	11	11				

Stephen Baxter	11	8	2	2	2	2
David Murray	11	8				
Kirsten Thomson	1	1				
Malcolm Thompson	1	2				

DIRECTORS' SHAREHOLDINGS

The following table sets out each Director's relevant interest in shares and options in shares of ISA Group as at the date of this report. No Director has any relevant interest in shares or options in shares of a related body corporate of ISA Group as at the date of this report.

Director	Number of Shares and Nature of Interest
Ken Gillespie	Indirect interest in 396,668 shares held by Sector West Pty Ltd ATF Gillespie Family Trust
Wayne Jones	Indirect interest in 16,060,000 shares held by Excalib-air Pty Ltd, indirect interest in 200,000 shares held by Project Flight Pty Ltd ATF Wayne Jones Superannuation Fund, indirect interest in 14,000 shares held by Project Gravity Pty Ltd, indirect interest in 1,967,423 shares and 228,554 Performance Rights held by Project Gravity Pty Ltd ATF Jones Family Trust
Danny Hogan	Indirect interest in 16,060,000 shares held by Excalib-air Pty Ltd, indirect interest in 200,000 shares held by Hogan Superannuation Fund, indirect interest in 1,567,423 shares and 228,554 Performance Rights held by Australian Indoor Skydiving Pty Ltd ATF Hogan Family Trust
Stephen Baxter	Indirect interest in 17,000,001 shares held by Birkdale Holdings (QLD) Pty Ltd
David Murray	Indirect interest in 2,521,667 shares held by Lyndcote Holdings Pty Ltd
Kirsten Thomson	Nil

DIVIDENDS

No dividends were declared during the period.

PRINCIPAL ACTIVITIES

ISA Group's business is the operation and development of indoor skydiving facilities.

ISA Group operates two facilities; iFLY Downunder located at Penrith which is currently in its second year of operations, and iFLY Gold Coast which commenced operations on 6 February 2016.

Construction of our third facility, iFLY Perth is continuing with the facility expected to open late 2016.

ISA Group's development activities focused on delivering our Australian tunnel roll out including the completion of the Gold Coast, Queensland facility and the construction of the Perth, Western Australia facility. Negotiations with a number of potential partners continue for our first Asian facility and additional facilities in Australia.

REVIEW OF OPERATIONS

ISA Group's operations continue to perform well as the demand for indoor skydiving grows and our operations become more efficient.

Our flagship operation, iFLY Downunder has experienced increased retail and professional sales, generating greater revenue than last year and exceeding budget expectations. This was partially offset by the delay in opening iFLY Gold

Coast and the increased cost of its construction. However, the commencement of the June school holidays saw an increase in utilisation at iFLY Gold Coast, which together with a focus on brand recognition and driving awareness of the new facility, positions iFLY Gold Coast for the upcoming high tempo holiday season.

Indoor skydiving continues to grow as awareness of the activity increases and flyers progress in the sport. A trend of high utilisation during school holiday periods has been established and occurs at both facilities.

Following the completion of our Gold Coast facility our construction focus has turned to the Perth facility. We are also in the process of negotiating additional opportunities with a number of potential partners in Australia and South East Asia.

For the year ended 30 June 2016, ISA Group reported earnings before interest, tax, depreciation and amortisation excluding share based payments of $159,928 (2015: $369,632).

ISA Group reported a net loss after tax of $1,314,903 (2015: $1,903,921). This result takes into account the effect of the Group being required to carry additional operating costs for iFLY Gold Coast as a consequence of the delayed opening date. To fully understand our results, please refer to the full financial statements included in this Annual Report.

CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial year.

SUBSEQUENT EVENTS

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

FUTURE DEVELOPMENTS

ISA Group continues to develop indoor skydiving facilities with a focus on Australia and opportunities in South East Asia and Hong Kong. In the opinion of the Directors, disclosure of any further information regarding business strategies and future development of ISA Group would be unreasonably prejudicial to the Company.

REMUNERATION REPORT (AUDITED)

The Remuneration Report is set out at page 13 and forms part of this Directors' Report.

INTERESTS IN ISA GROUP SECURITIES

Details of the ISA Group securities issued during the year and the number of ISA Group securities on issue as at 30 June 2016 are detailed in Note 14 of the Financial Statements and form part of this Directors' Report.

With the exception of performance rights which are discussed in detail in the Remuneration Report, ISA Group did not have any options on issue as at 30 June 2016.

ENVIRONMENTAL REGULATION

ISA Group is not subject to any significant environment regulation under any law of the Commonwealth or of a State or Territory.

DIRECTORS' AND OFFICERS' INSURANCE

During the financial year, ISA Group has paid premiums to insure all Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

The Directors and Company Secretary of ISA Group are also party to a deed of access and indemnity.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred by such an officer or auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring, or intervene in, proceedings on behalf of any entity within ISA Group.

AUDITOR

RSM Australia Partners continues in office as auditor in accordance with section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

The Directors, in accordance with advice from the Audit & Risk Committee, are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit & Risk committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The fees paid or payable to RSM Australia Partners for non-audit services provided during the year ended 30 June 2016 were $3,450.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's independence declaration is set out at page 25 and forms part of this Directors' Report.

ROUNDING OF AMOUNTS

ISA Group is not an entity to which ASIC class order 98/100 applies. Accordingly, amounts in the financial statements and annual reports have been rounded to the nearest dollar not the nearest thousand dollars.

BUY BACK

ISA Group does not currently have any on-market buy-back of shares.

This Directors' Report is made in accordance with a resolution of the directors made pursuant to section 298(2) of the Corporations Act.

On behalf of the Board

Ken Gillespie
Chairman
23 August 2016
Sydney

Wayne Jones
Director & Chief Executive Officer

REMUNERATION REPORT (AUDITED)

REMUNERATION REPORT (Audited)

Dear Shareholder

The ISA Group Board of Directors presents the 2015-2016 Remuneration Report. This report sets out the remuneration outcomes for 2015-2016.

Over the last 3 years ISA Group has been progressively restructuring its remuneration in line with the Company's growth to a multi-facility operation. This process was completed in the 2015-2016 financial year which has seen fixed remuneration level reach acceptable market levels based on our size, position and operating structure, increased the proportion of 'at risk' remuneration across our executive team and reduced our reliance on performance rights as a short/medium term retention tool.

Similarly, the incentives entered into with the Founding Directors under their initial employment in 2012 are nearing completion with the last hurdle to be assessed. These incentives were provided to drive the establishment and early operations of our first indoor skydiving facility (iFLY Downunder) and to task the Founding Directors to grow the operations from a single facility operation to a multi-facility business. Moving forward the Founding Directors incentives will be aligned with other ISA Group executives and tied to targets considered appropriate to facilitate our strategic goals.

ISA Group is now a multi-facility operation following the opening of our second indoor skydiving facility (iFLY Gold Coast). Further growth is imminent with iFLY Perth nearing completion and a number of exciting opportunities, both here and internationally being considered. We have structured our remuneration strategy bearing in mind the strong growth focus of the Company and the expansion strategy being considered with a focus on retaining key executives as we operate a unique Australian business.

I trust that the Company's remuneration strategy will receive your support. We welcome your feedback.

Yours sincerely

Ken Gillespie
Chairman of the Board and
Remuneration & Nomination Committee

1. Introduction

This Remuneration Report for the year ended 30 June 2016 forms part of the ISA Group Directors' Report and has been audited in accordance with the Corporations Act 2001.

The Remuneration Report details remuneration information for the Key Management Personnel of ISA Group (**KMP**) comprising the Non-Executive Directors, Executive Directors and the senior executives responsible for planning, directing and controlling the activities of ISA Group.

2. Remuneration Governance

ISA Group's remuneration strategy, policies and practices are designed to support the operational demands of the Group while fairly rewarding employees. The Board, in conjunction with the Remuneration & Nomination Committee provides guidance on remuneration strategy and has oversight of remuneration policies and practices.

Remuneration & Nomination Committee (Committee)
The role of the Committee is to assist and advise the Board on matters relating to the appointment and remuneration of directors, executives and where appropriate, other employees of ISA Group.

The Committee operates under the Remuneration & Nomination Committee Charter that is available on the ISA Group website: www.indoorskydive.com.au.The Committee consists of non-executive directors only.

The Board approves, based on recommendation from the Committee, all remuneration decisions and outcomes for the executive directors (including the CEO), and all executives who report directly to the CEO. The CEO approves short term incentives and increases to remuneration for executives who report to his direct reports.

Remuneration Recommendations
ISA Group has engaged independent external remuneration consultants to provide advice and assistance to the Remuneration & Nomination Committee from time to time. No remuneration recommendations from independent remuneration advisors were received during the 2015-2016 financial year.

Hedging of Remuneration
ISA Group KMP and their closely related parties are prohibited from hedging or otherwise reducing or eliminating the risk associated with equity based incentives.

3. Key Management Personnel

The KMP for ISA Group for 2015-16 comprise the Non-Executive Directors, Executive Directors and the senior executives responsible for planning, directing and controlling the activities of ISA Group.

Executive KMP	
Wayne Jones	Executive Director & Chief Executive Office
Danny Hogan	Executive Director & Chief Operations Officer
Stephen Burns	Chief Financial Officer
Brett Sheridan	Chief Commercial Officer
Fiona Yiend	General Counsel & Company Secretary

Non-Executive Directors:	
Ken Gillespie	Chair
Stephen Baxter	Director
David Murray	Director
Kirsten Thomson	Director
Former Director:	
Malcolm Thompson	Alternative Director until 21 June 2016

A short profile of the Executive KMP follows:

Wayne Jones Director & Chief Executive Officer	Wayne Jones is the Chief Executive Officer of ISA Group and was appointed to the role on the foundation of the company in November 2011. He has been one of the key forces behind the successful establishment of ISA Group. Wayne holds formal qualifications in Project Management, Business, Security and Risk Management and Management (Financial Management) and is a Member of the Australian Institute of Company Directors. He has over 21 years' experience in leading teams and delivering results. Prior to establishing ISA Group Wayne was a Commander with the SASR Operations and responsible for the development and performance of teams in changing environments.

Danny Hogan Director & Chief Operations Officer	Danny Hogan is the Chief Operations Officer of ISA Group and a founder of the company. His primary responsibilities are the Company's operations including the designing, development and construction of our indoor skydiving facilities. Danny is a Member of the Australian Institute of Company Directors and is qualified in Military Freefall Parachuting Operations and was a highly qualified senior dive instructor within the Special Air Service Regiment. Prior to establishing ISA Group Danny was a highly decorated member of the SASR Operations and received the distinguished Medal of Gallantry. Danny has proven expertise in VWT operations and the ability to lead teams and manage complex environments.
Stephen Burns Chief Financial Officer	Stephen Burns is a professional accountant (CPA) with extensive experience in developing and maintaining strong governance and cost control regimes within large organisations in challenging environments. Most recently Stephen was the CFO of a Telecommunications and Manufacturing business based in Brisbane. Prior to that Stephen was the Director of Business Controlling within the local subsidiary of what is now Airbus Group (the second largest aircraft manufacturer worldwide) and was responsible for the financial oversight and governance of over $6Billion worth of contracts.
Brett Sheridan Chief Commercial Officer	Brett Sheridan joined ISA Group in May 2013 in the role of Chief Marketing Officer and became the Chief Commercial Officer in July 2016. Prior to that time, Brett provided ISA Group with contracting services and has been involved with the Company since its inception. Brett is responsible for driving customer demand, increasing brand recognition and analysing market opportunities as well as driving future growth and the strategic direction of the Company. Brett is an experienced marketer with over 15 years association with the tourism and leisure industry and over 10 years of entrepreneurial experience. Brett's key expertise is to deliver business growth which he has proven repeatedly in the past.
Fiona Yiend General Counsel & Company Secretary	Fiona Yiend joined ISA Group in September 2013 as General Counsel and Company Secretary. She is responsible for managing ISA Group's legal matters, corporate governance and board administration. Fiona holds a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia (formerly Chartered Secretaries Australia), Graduate Diplomas in International Law and in Applied Finance and Investment and a Bachelor of Laws (second class honours) and Bachelor of Arts. Fiona's formal qualifications are complemented by over 7 years' experience as General Counsel and Company Secretary of ASX listed entities.

Profiles of Non-Executive Directors can be found on pages 8 to 9.

4. Remuneration Principles, Strategy and Outcomes

Remuneration principles

ISA Group's approach to remuneration reflects both the strategic and growth goals of the company, its operational requirements and the dynamic environment in which it operates. As ISA Group has transitioned into a more mature multi-facility operation our remuneration principles have evolved.

A number of principles underpin our remuneration policy:

- *Retain Top Talent* – As ISA Group operates in a unique environment with a limited pool of talent ISA Group seeks to retain the high calibre people it has identified.

- *Align rewards with business performance* – ISA Group seeks to align remuneration rewards with business performance through the use of "at risk" remuneration.

- *Support the execution of business strategy* – ISA Group seeks to motivate employees to execute our aggressive growth strategy by setting performance objectives in line with strategic outcomes.

Remuneration Strategy

Over the last three years ISA Group has been implementing a staged remuneration strategy to bring our remuneration levels in line with a comparator group of ASX listed companies of comparable operational scope and size to ISA Group. The 2015-2016 year was the final stage of this strategy. As a result, ISA Group's remuneration from 2015-2016 reflects a more traditional mix of fixed and 'at risk' components and incorporates market level remuneration.

The following table sets out the mix of remuneration types and their alignment to our remuneration strategy:

	Fixed Remuneration	**Short-Term Incentive (STI)**	**Long Term Incentive (LTI)**
Consists of …	Base salary	Annual cash payment subject to the achievement of financial targets	Participation in the ISA Group Performance Rights Plan
Rewards for…	Experience, skills and capability	Financial performance over a 12-month period	Tenure over a long term period
Is..	Fixed Reviewed annually	At Risk Wholly dependent on achieving set financial targets	At Risk Wholly dependent on achieving set tenure requirements
Determined by	Review of individual against comparative roles, individual performance and experience and capability	Performance against defined financial targets. STI is only payable if the financial targets are achieved	Retention of individual over a course of time.

Remuneration Outcomes for Executive KMP

The remuneration received by Executive KMP in 2015-2016 is set out below, including a comparison with the 2014-2015 period.

		Short Term Benefits			Post Employment Benefits	Long Term Benefits	Other	Share Based Payments	
KMP	Year	Salary $	STI $	Non Mone-tary $	Super-annuation $	Long Service Leave $	Term-ination $	Rights $	Total $
Wayne Jones CEO	2016	207,995	-	12,674	19,760	-	-	236,918	477,347
	2015	189,465	-	8,151	18,000	-	-	445,240	660,856
Danny Hogan COO	2016	207,995	-	18,276	19,760	-	-	236,918	482,949
	2015	189,465	-	8,887	18,000	-	-	445,240	661,592
Stephen Burns CFO	2016	176,105	-	-	16,730	-	-	-	192,835
	2015	145,961	-	-	13,866	-	-	39,950	199,777
Brett Sheridan CMO	2016	177,692	-	8,097	16,880	-	-	-	202,669
	2015	164,827	-	3,721	15,659	-	-	-	184,207
Fiona Yiend GC/CS	2016	130,477	-	6,338	12,395	-	-	-	149,210
	2015	164,827	-	-	15,659	-	-	57,392	237,878

Executive Remuneration Structure
Remuneration Mix
Fixed annual remuneration provides a "base" level of remuneration. Short and long-term variable incentives ("at risk") reward executives for meeting and exceeding pre-determined targets. This structure links variable reward to targets which the Company considers are significant for our growth plan.

The percentage of at risk remuneration varies between executives based on the extent to which they are in a position to directly influence company performance. As a result, the executive directors at risk remuneration comprises short term incentives of 40% of base salary at risk each financial year plus long term incentives at risk over a three year period. Other executives have short term incentives of up to 30% of their base at risk each financial year in addition to long term incentives at risk over a three year period.

Fixed Remuneration
Fixed remuneration is comprised of cash salary and superannuation and other limited non-monetary benefits. The levels are set to attract and retain qualified, skilled and experienced executives and are determined based on comparable market data, the skills and experience of the individual executive and the accountability and responsibility of the role.

An independent external remuneration review in 2013 identified that ISA Group Executive KMP remuneration was within the bottom quartile compared to its comparator group. Since then ISA Group has been moving towards fixed remuneration more aligned to the median for fixed remuneration in the comparator group.

Short Term Incentive Structure

The key features of ISA Group's STI Plan are outlined below:

What is the purpose of the STI?	STI performance targets drive executives to focus on achieving ISA Group's performance goals and rewards executives for achieving or exceeding those goals.
Who participates?	All Executive KMP and selected senior executives.
How much can be earned under the STI Plan?	The target STI opportunity for KMP is between 15% to 20% of base salary depending on the role. For stretch/over performance, KMP have the ability to earn an additional 15% to 20% of base salary.
What are the performance conditions?	No STI is payable unless minimum financial targets relating to Group EBITDA are achieved. The Stretch target is also measured against EBITDA.
Over what period is it measured?	Performance is measured over the 12 month period from 1 July to 30 June.
How is it paid?	STI payments are made on the achievement of reaching targets (ie payments are not made progressively). If targets are reached the full STI is paid. If the target is achieved but the stretch target is not, no payment or partial payment is made for exceeding the target. The Executive must be an employee and not servicing out a notice period when the payment of an STI is made. Payment occurs after conclusion of the end of year audit (usually September).
When and how is it reviewed?	The STI is reviewed annually in line with the review of remuneration and the review of budgets.
Who assesses performance against targets?	The targets are objective financial measures which are assessed against the Company's audited financial accounts. The Board approves all STI assessments and payments.
What are the clawback provisions?	None

Short term Incentive Outcomes

For 2015-2016, the STI targets were not met. All Executive KMP forfeited 100% of their STI award.

Long Term Incentive Structure

The key features of the ISA Group Long Term Incentive (**LTI**) are outlined below:

What is the purpose of the LTI?	The LTI drives executives to achieve certain outcomes that are considered important to the growth of the ISA Group.

Who participates?	Participants are the Executive KMP and select senior executives who drive the growth strategy of ISA Group.
What is the vehicle?	Awards are in the form of performance rights under the ISA Group Performance Rights Plan. If performance hurdles are met performance rights vest and the employee will be allocated the relevant number of shares. An employee granted performance rights is not legally entitled to shares in ISA Group before the rights vest. Once vested, each right entitles the employee to receive one share in ISA Group.
What are the performance conditions and what is the performance period?	Performance Rights issued to Executive KMP in 2015-2016 are subject to a performance condition of continuous service with the ISA Group from the Grant Date until 1 July 2017. The performance period is two years. In 2012 as part of the employment of the CEO and COO (Founding Directors), the Company committed to issue certain rights to the Founding Directors on completion certain milestones. A number of these milestones have now passed, which are detailed in the Remuneration Reports for prior years. During 2015-2016 the milestone relating to the flight of the first paying customer in ISA Group's second vertical wind tunnel was achieved and 391,885 performance rights vested for each Founding Director. The final tranche of incentives for the Founding Directors is based on the performance of our first indoor skydiving in the 2015-2016 financial year. Accordingly, all incentives under the Founding Directors employment contracts have either satisfied the hurdles or lapsed.
How is it paid?	Subject to meeting the performance hurdles the performance rights vest. Once vested the performance rights can be exercised on the basis of one fully paid ordinary ISA Group share for each performance right.
How are performance conditions set?	The performance conditions are set by the Board based on the recommendation of the Remuneration & Nomination Committee. Performance conditions are set to drive outcomes which facilitate achieving our strategic goals.
What happens if a change of control occurs?	If a change in control event occurs unvested performance rights will vest where, in the Board's absolute discretion, pro rata performance is in line with the performance criteria applicable to those performance rights over the period from date of grant to the date of the change in control event.
What are the clawback provisions?	If in the reasonable opinion of the Board a participant in the LTI has acted fraudulently or dishonestly or is in material breach of his or her obligations to ISA Group then the Board in its absolute discretion may determine that any unvested rights lapse, that any shares issued pursuant to performance rights in these circumstances

	are forfeited, or where the shares issued to the performance rights have been sold require the participant to pay to ISA Group all or part of the net proceeds of sale.

Long Term Incentive Awards
Details of the equity instruments, comprising performance rights, provided as remuneration to each KMP in the 2015-2016 financial year is set out below. When vested, each performance rights will entitle the holder to one ordinary ISA Group share. Performance Rights will vest only if applicable performance hurdles are satisfied in the relevant performance period.

Name	Number of Performance Rights Awarded during 2015-2016	Number of Rights Vested during 2015-2016
Executive Founding Directors		
Wayne Jones	620,409	391,855
Danny Hogan	620,409	391,855
Other Key Management Personnel		
Brett Sheridan	129,054	135,000
Stephen Burns	129,054	85,000
Fiona Yiend	129,054	85,000

LTI Outcomes
During 2015-2016 ISA Group's second indoor skydiving facility, iFLY Gold Coast, opened resulting in the satisfaction of one of the milestone hurdles for the Executive Founding Directors. As a result, performance rights were issued and vested for the Executive Founding Directors.

Retention based awards also vested during the year. As a result, performance rights issued to Brett Sheridan, Stephen Burns and Fiona Yiend in prior years vested during the year. Details of these are set out above.

Summary of Executive Contracts

Executive contracts set out remuneration details and other terms of employment for each individual executive. The key provisions of the KMP contracts relating to terms of employment and notice periods are set out below. Contractual terms vary due to the timing of contracts, individual negotiations and different market conditions.

	Date of contract	Term of contract	Notice required to be given to the Company for termination by Employee	Termination Payments
Wayne Jones Director and CEO	October 2012	Ongoing	6 months	6 months' notice for termination by Employer and legislative entitlements on redundancy.
Danny Hogan Director and COO	October 2012	Ongoing	6 months	6 months' notice for termination by Employer and legislative entitlements on redundancy.
Stephen Burns CFO	July 2014	Ongoing	6 Weeks	6 weeks' notice for termination by Employer and legislative entitlements on redundancy.
Brett Sheridan CCO	May 2013	Ongoing	6 Weeks	6 weeks' notice for termination by Employer and 6 months on redundancy.
Fiona Yiend General Counsel & Company Secretary	September 2013	Ongoing	6 Weeks	6 weeks' notice for termination by Employer and 6 months on redundancy.

5. Non-Executive Director Remuneration

Approved Fee Pool

Non-Executive Director fees are determined within a maximum directors' fee pool limit. The directors' fee pool was set in 2012 as $500,000. No director's fees are paid to Executive Directors, Wayne Jones and Danny Hogan. Total non-executive remuneration paid during 2015-2016 was $179,530.

Approach to setting Non-Executive Director Remuneration

Non-Executive Directors receive fixed remuneration in the form of a base fee plus fees for membership or chairing Board Committees. The Chairman's base fee has been calculated such that no additional fees are paid for committee membership.

Non-Executive Directors do not receive variable remuneration or other performance-related incentives.

For the 2016-2017 financial year, the Non-Executive Director fees will not be increased. The Non-Executive Directors fees for the last two financial years are set out below.

	Financial Year	Salary and Fees	Bonus	Share based payments	Total
Ken Gillespie	2016	84,530	-	-	84,530
	2015	75,000	-	-	75,000
Stephen Baxter	2016	55,000	-	-	55,000
	2015	45,000	-	-	45,000
David Murray	2016	40,000	-	-	40,000
	2015	30,000	-	-	12,500
Kirsten Thomson*	2016	-	-	-	-
	2015	-	-	-	-
Malcolm Thompson**	2016	-	-	-	-
	2015	-	-	-	-

* Appointed 21 June 2016
** As an alternative director Malcolm Thompson does not receive any fees or remuneration from ISA Group.

6. Other Statutory Disclosures

ISA Group's Financial Performance
The table below sets out ISA Group's earnings and movements in shareholder wealth since establishment.

	2012	2013	2014	2015	2016
Revenue	-	-	1,212,643	6,431,444	8,155,888
Net Profit/Loss after Tax	(206,116)	(914,571)	(2,714,016)	(1,903,921)	(1,314,903)
Share price at 30 June	*	0.43	0.68	0.45	0.40

* ISA Group listed on the ASX on 18 January 2013.

Performance rights holdings of KMP

Non-executive Directors do not hold performance rights. Details of the performance rights holdings of other KMP are set out below:

	Balance at 1 July 2015	Granted as remuneration	Rights exercised	Balance at 30 June 2016
Wayne Jones	0	548,409	319,855	228,554
Danny Hogan	0	548,409	319,855	228,554
Brett Sheridan	135,000	129,054	135,000	129,054
Stephen Burns	0	214,054	85,000	129,054
Fiona Yiend	85,000	129,054	85,000	129,054

Shareholdings of KMP

The shareholding of the Directors including Executive Directors is set out on page 10 of the Directors' Report. The holdings of the remaining KMP including their associates is as follows:

Employee	Role	Balance at 30 June 2016
Stephen Burns	Chief Financial Officer	295,000
Brett Sheridan	Chief Commercial Officer	550,000
Fiona Yiend	General Counsel & Company Secretary	177,555

2014 Annual General Meeting (AGM)

At the Company's AGM in October 2015, 99.17% of votes received were in favour of adopting the remuneration report.

Related party Transaction

No related party transactions were entered into with KMP during 2015-2016

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Indoor Skydive Australia Group Limited for the year ended 30 June 2016, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

GNS

G N Sherwood
Partner

Sydney, NSW
Dated: 23 August 2016

FINANCIAL REPORT

	Note	Consolidated Group	
		2016	2015 Restated
		$	$
Revenue			
Sales revenue	3	8,155,888	6,431,444
Grant income		51,750	-
Interest income		26,255	137,763
Foreign exchange fair value gain		136,639	19,358
Total revenue		8,370,532	6,588,565
Expenses			
Cost of sales		1,703,943	1,316,002
Depreciation and amortisation		1,038,487	888,115
Administration expenses		393,103	374,739
Accounting and audit fees		77,449	76,690
Legal fees		9,699	3,920
Professional Fees		91,714	66,088
Share registry and ASX fees		62,014	87,425
Advertising and marketing expense		674,293	447,501
Travel and entertainment expense		210,702	151,259
Share based payments	18	481,888	1,423,122
Employee expenses		3,838,894	3,000,696
Insurance		210,592	116,032
Directors fees		180,248	158,750
Finance costs		124,614	244,629
Occupancy expenses	1 s	757,953	419,831
Total expenses		9,855,593	8,774,799
Loss for the period before tax		(1,485,061)	(2,186,234)
Income tax benefit	4	170,158	282,313
Loss for the period		(1,314,903)	(1,903,921)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		(1,314,903)	(1,903,921)
Earnings per share			
From continuing operations:			
– Basic earnings per share (cents)	22	(1.10)	(1.78)
– Diluted earnings per share (cents)	22	(1.10)	(1.78)

The accompanying notes from part of these financial statements

		Consolidated Group	
		2016	2015 Restated
	Notes	$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	2,550,601	4,321,619
Term deposits		-	1,325,556
Trade and other receivables	6, 1 s	748,319	606,261
TOTAL CURRENT ASSETS		3,298,920	6,253,436
NON-CURRENT ASSETS			
Deferred tax asset	4, 1s	1,844,162	1,674,004
Property, plant and equipment	7	38,070,213	23,881,098
Intangible asset	9	426,378	710,630
TOTAL NON-CURRENT ASSETS		40,340,753	26,265,732
TOTAL ASSETS		43,639,673	32,519,166
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	3,445,188	2,042,848
Provisions	11	195,260	109,683
Deferred revenue	12	1,016,439	1,280,530
Borrowings	13	711,584	-
TOTAL CURRENT LIABILITIES		5,368,471	3,433,061
NON-CURRENT LIABILITIES			
Borrowings	13	8,436,342	-
Provision for site restoration	1 r v	1,581,770	-
TOTAL NON-CURRENT LIABILITIES		10,018,112	-
TOTAL LIABILITIES		15,386,583	3,433,061
NET ASSETS		28,253,090	29,086,107
EQUITY			
Issued capital	14	34,648,455	33,639,681
Share based payments reserve	18	658,164	1,185,050
Accumulated losses		(7,053,529)	(5,738,626)
TOTAL EQUITY		28,253,090	29,086,107

The accompanying notes from part of these financial statements

	Issued Capital	Share based payments reserve	Accumulated losses	Total
	$	$	$	$
Balance at 1 July 2015	33,639,681	1,185,050	(5,738,626)	29,086,105
Shares issued during the period	1,008,774	(1,008,774)	-	-
Employee share based payment performance rights		481,888	-	481,888
Comprehensive income				
Loss for the period	-	-	(1,314,903)	(1,314,903)
Total comprehensive loss for the period	-	-	(1,314,903)	(1,314,903)
Balance at 30 June 2016	34,648,455	658,164	(7,053,529)	28,253,090
Balance at 1 July 2014	18,467,998	1,093,569	(3,834,705)	15,726,862
Shares issued during the period	15,785,388	-	-	15,785,388
Share issue costs	(613,705)	-	-	(613,705)
Employee share based payment performance rights	-	91,481	-	91,481
Comprehensive income				
Loss for the period	-	-	(1,749,988)	(1,749,988)
Prior period adjustment	-	-	(153,933)	(153,933)
Total comprehensive loss for the period	-	-	(1,903,921)	(1,903,921)
Balance at 30 June 2015	33,639,681	1,185,050	(5,738,626)	29,086,107

The accompanying notes from part of these financial statements

	Note	Consolidated Group 2016	2015 Restated
		$	**$**
Cash Flows From Operating Activities			
Receipts from customers		8,133,131	7,037,772
Payments to suppliers and employees		(7,861,681)	(6,427,011)
Grant income received		51,750	-
Interest received		26,255	123,513
Finance costs		(76,335)	(270,943)
Net cash inflows from operating activities	**16**	273,120	463,331
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(12,654,259)	(8,547,744)
Purchases of foreign exchange contracts		-	(88,499)
Sale/(purchase) of term deposits		1,325,556	(1,025,278)
Net cash outflows from investing activities		(11,328,703)	(9,661,521)
Cash Flows From Financing Activities			
Proceeds from issue of securities		-	14,453,746
Proceeds from borrowings	**13**	9,147,926	-
Proceeds from convertible note		-	(1,500,000)
Share issue costs		-	(613,705)
Net cash inflows from financing activities		9,147,926	12,340,041
Net (decrease)/increase in cash held		(1,907,657)	3,141,851
Cash and cash equivalents at beginning of period		4,321,619	1,117,249
Effects of exchange rate changes		136,639	62,519
Cash and cash equivalents at end of period	**5**	2,550,601	4,321,619

The accompanying notes from part of these financial statements

These consolidated financial statements and notes represent those of Indoor Skydive Australia Group Limited and Controlled Entities (the **Consolidated Group** or **Group**).

The separate financial statements of the parent entity, Indoor Skydive Australia Group Limited have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 23 August 2016 by the Directors of the Company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Indoor Skydive Australia Group Limited at the end of the reporting period. A controlled entity is any entity over which Indoor Skydive Australia Group Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 8 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation. Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statements showing profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;

(ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and

(iii) the acquisition date fair value of any previously held equity interest,

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value *(full goodwill method)* or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets *(proportionate interest method)*. In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

b. Income Tax

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Tax Consolidation - Australia

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group with effect from 1 November 2011 and will therefore be taxed as a single entity from that date. The Company is the head entity within the tax-consolidated group.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using a modified stand-alone tax allocation methodology.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the controlled entities are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangements.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head company only.

c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	***Useful Life***
Office equipment	3 years
Furniture and fittings	5 years
IT equipment	5 years
Vertical wind tunnel building infrastructure	40 years
Vertical wind tunnel equipment	20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d. Leases

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

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

e. Foreign Currency Transactions and Balances

Functional and Presentation Currency

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

Transactions and Balances

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

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

f. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

g. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. Payables expected to be settled within 12 months of the end of the reporting period are classified as current liabilities. All other liabilities are classified as non-current liabilities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

h. Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

i. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

j. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within a year have been measured at the amounts expected to be paid when the liability is settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. Liabilities for long service leave are recognised when employees reach a qualifying period of continuous service. Liabilities and expenses for bonuses are recognised where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based Payments

Share-based compensation benefits are provided to certain employees (including key management personnel) via the Indoor Skydive Australia Group Limited Performance Rights Plan. The fair value is measured at grant date and is recognised over the period the services are received, which is the expected vesting period during which the employees would become entitled to exercise the performance rights.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

The fair value of performance rights granted for rights with non-market based performance criteria are measured using the binomial option pricing methodology which is the approach typically used for valuing rights which may be exercised, once vested, at any time up until expiry.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to contributed equity.

k. Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

l. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is included in the Statement of Financial Position as a current liability.

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

Interest revenue is recognised on an accruals basis using the effective interest method.

m. Deferred Revenue

Income relating to future periods is initially recorded as deferred revenue, and is then recognised as revenue over the relevant periods of admission or rendering of other services.

n. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(i) for further discussion on the determination of impairment losses.

o. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method, after deducting any purchase settlement discount and including logistics expenses incurred in bringing the inventories to their present location and condition.

p. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

q. Comparative Figures

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

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

r. 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. To this extend the Board has confirmed the useful life of the Buildings to be 40 years and VWT equipment to be 20 years and the residual values of both these classes of assets to be nil.

ii. Deferred Tax

Once the additional facilities are operational, the Group is expecting to generate a taxable income. As it is therefore 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. 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 (IDZ.ASX). 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 is 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. As at the reporting date, there is no change to the previous estimates.

An accelerated amortisation rate of 40% 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 an initial period of four years through the delivery of the four tunnels for which deposits have been paid to SkyVenture International.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

iv. 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 (Flight Revenue), or when the gift card is no longer expected to be redeemed (Gift Card Revenue). At 30 June 2016, $704,947 of Gift Card Revenue is recognised (2015: $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 foreseeable change in the estimate is unlikely to have a material impact on the financial statements.

v. Site Restoration

Provisions for site restoration obligations are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The Board obtained new information in the current year in relation to the Penrith facility and have consequently elected to raise a provision for site restoration costs. Provisions for site restoration have also been raised for Perth and the Gold Coast in the year under review. All three projects are therefore now treated in the same manner. An estimate of the costs to remove the VWT's and its related Building Infrastructure has been determined based on current costs using existing technology at current prices. Management has used the services of an expert in determining the cost to restore the Perth site which have been quantified at approximately $0.7m once the project is completed later this year. Using the same costing methodology, the site restoration costs for Gold Coast and Penrith are expected to be $0.6m and $0.8m respectively. These costs were projected forward at a 2.5% inflationary escalation and then discounted back at 2.5% after consideration of the associated risks. The site restoration asset will be depreciated over the remainder of each extended lease period being 40 years. The unwinding of the effect of discounting on the site restoration provision will be included within finance costs in the statement of comprehensive income over the same period.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

s. Prior Period Adjustment

a. 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 the capitalisation of lease rentals 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
Statement of Financial Position			
Trade Receivables and Other Assets	$826,165	$606,261	($219,904)
Deferred Tax	$1,608,033	$1,674,004	($65,971)
Statement of Profit or Loss			
Occupancy Expenses	$199,917	$419,821	($219,904)
Income Tax Benefits	$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)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

t. New Accounting Standards for Application in Future Periods

At the date of this financial report the following standards and interpretations, which may impact the entity in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 1057	*Application of Australian Accounting Standards*	The AASB moved application paragraphs in all Australian Accounting Standards to this new standard, in order to maintain consistency with the layout of IFRS standards.	1 January 2016	No expected impact
AASB 2014-1D	*Amendments to Australian Accounting Standards*	Part D of AASB 2014-1 makes amendments to AASB 1 First-time Adoption of Australian Accounting Standards, which arise from the issuance of AASB 14 Regulatory Deferral Accounts in June 2014.	1 January 2016	Impact first-time adopters only
AASB 2014-3	*Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*	This Standard amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.	1 January 2016	No impact
AASB 2014-4	*Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset, and to clarify that revenue is generally presumed to be an inappropriate basis for that purpose.	1 January 2016	Minimal impact

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 2014-9	*Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements*	This amending standard allows entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 January 2016	No impact as no separate FS prepared
AASB 2014-10	*Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	This amending standard requires a full gain or loss to be recognised when a transaction involves a business (even if the business is not housed in a subsidiary), and a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business (even if those assets are housed in a subsidiary).	1 January 2018	Impact to be estimated when transaction occurs
AASB 2015-1	*Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*	The Standard makes amendments to various Australian Accounting Standards arising from the IASB's Annual Improvements process, and editorial corrections.	1 January 2016	No impact estimated

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 2015-2	*Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project.	1 January 2016	Disclosures Only
AASB 2015-5	*Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception*	This Standard makes amendments to AASB 10, AASB 12 and AASB 128 arising from the IASB's narrow scope amendments associated with Investment Entities.	1 January 2016	Not estimated
AASB 2015-9	*Amendments to Australian Accounting Standards – Scope and Application Paragraphs*	This Standard inserts scope paragraphs into AASB 8 Operating Segments and AASB 133 Earnings Per Share, as the AASB inadvertently deleted the scope details from AASB 8 and AASB 133 when moving the application paragraphs to AASB 1057 Application of Australian Accounting Standards.	1 January 2016	Minimal impact
AASB 2015-10	*Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*	This Standard defers the application of the Sale or Contribution of Assets between an Investor and its Associate or Joint Venture amendments to AASB 10 and AASB 128 to 1 January 2018.	1 January 2016	No impact

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 2015-8	*Amendments to Australian Accounting Standards – Effective Date of AASB 15*	This Standard defers the effective date of AASB 15 Revenue from Contracts with Customers to 1 January 2018.	1 January 2017	No impact
AASB 15	*Revenue from Contracts with Customers*	This Standard establishes principles (including disclosure requirements) for reporting useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.	1 January 2018	Not estimated yet
AASB 2014-5	*Amendments to Australian Accounting Standards arising from AASB 15*	Consequential amendments arising from the issuance of AASB 15.	1 January 2017	Not estimated yet
AASB 9	*Financial Instruments*	This Standard supersedes both AASB 9 (December 2010) and AASB 9 (December 2009) when applied. It introduces a "fair value through other comprehensive income" category for debt instruments, contains requirements for impairment of financial assets, etc.	1 January 2018	Minimal impact
AASB 2014-7	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*	Consequential amendments arising from the issuance of AASB 9	1 January 2018	Minimal impact
AASB 16	*Leases*	This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases.	1 January 2019	Not estimated yet

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
2016-1	*Amendments to Australian accounting Standards – Recognised to Deferred tax Assets for Unrealised Losses*	This standard amends AASB 112 Income Taxes (July 2004) and AASB Income Taxes (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debts instruments measured at fair value	1 January 2017	N/A
2016-2	*Amendments to Australian accounting Standards – Disclosure Initiatives : Amendment to AASB 107*	This standards amends AASB 107 Statement of Cash flow (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enables users of financial statement to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	Disclosures only

NOTE 2: PARENT INFORMATION

	2016	2015
	$	$
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.		
Statement of Financial Position		
Assets		
Current assets	2,344,392	6,314,769
Non-current assets	32,189,899	20,607,847
Total Assets	34,534,291	26,922,616
Liabilities		
Current liabilities	1,042,041	401,990
Non-current liabilities	8,436,342	-
Total Liabilities	9,478,383	401,990
Equity		
Issued capital	34,648,255	33,639,481
Share based payments reserve	658,164	1,185,050
Retained earnings	(10,250,511)	(8,303,905)
Total Equity	25,055,908	26,520,626
Statement of Profit or Loss and Other Comprehensive Income		
Total loss before tax	(2,012,577)	(4,167,404)
Total comprehensive loss	(2,012,577)	(4,167,404)

NOTE 2: PARENT INFORMATION (CONT)

Guarantees

The parent entity does not have any guarantees as at 30 June 2016.

Contingent liabilities

The parent entity does not have any contingent liabilities as at 30 June 2016.

Contractual commitments

Other than amounts disclosed in the financial statements, the parent entity has no additional contractual commitments as at 30 June 2016.

NOTE 3: SALES REVENUE

	2016	2015
	$	$
VWT revenue	7,911,912	6,140,502
Other sales	243,976	290,942
	8,155,888	6,431,444

NOTE 4: INCOME TAX EXPENSE

A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the year ended 30 June 2016 and 30 June 2015 is as follows:

	2016	2015 Restated
	$	$
Accounting loss before income tax	(1,485,061)	(2,186,234)
At the statutory income tax rate of 30% (2015: 30%)	(445,519)	(655,870)
Permanent differences	246,454	571,966
Tax effect on temporary and timing differences not brought to account	(71,102)	(169,939)
Income tax benefit not brought to account	100,009	(28,470)
Income Tax Benefit	(170,158)	(282,313)
Deferred tax assets (timing difference) comprises of:		
Black hole expenditure	208,330	314,992
Unrealised gain and losses	-	(17,550)
Provisions and others	181,750	137,504
Deferred tax asset (timing difference) brought to account	390,080	434,946
Deferred tax asset (tax losses) brought to account	1,454,082	1,239,059
Adjustment relates to prior year misstatement		
Total deferred tax bought into account	1,844,162	1,674,004

NOTE 5: CASH AND CASH EQUIVALENTS

	2016	2015
	$	$
Cash at bank and on hand	2,550,601	4,321,619
	2,550,601	4,321,619

The above cash balance excludes term deposits held as at 30 June 2016 (2015: $1,325,556)

NOTE 6: TRADE RECEIVABLES AND OTHER ASSETS

	2016	2015 Restated
	$	$
Trade receivables	48,320	59,375
Inventory	59,794	44,927
Other receivables	184,705	501,959
Prepaid expenses	455,500	-
	748,319	606,261

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	2016	2015 Restated
	$	$
VWT Equipment and Building Infrastructure (Operational)		
At cost	29,451,360	15,072,403
Accumulated depreciation	(1,444,409)	(691,860)
Total VWT Equipment and Building Infrastructure	28,006,951	14,380,543
Provision for Site Restoration of the VWT Equipment and Building Infrastructure on Termination of Lease		
At cost	1,533,491	-
Accumulated depreciation	-	-
Total Provision for Site Restoration of the VWT Equipment and Building Infrastructure	1,533,491	-
VWT Construction Work in Progress		
VWT Equipment and Building Infrastructure under construction	7,727,127	8,749,084
VWT deposits paid	802,644	751,471
Total Construction Work in Progress	8,529,771	9,500,555

As construction commences on a facility, the balance is transferred from VWT deposits paid to VWT Equipment and Building Infrastructure under construction.

	2016	2015 Restated
Total		
At cost	39,514,622	24,572,958
Accumulated depreciation	(1,444,409)	(691,860)
Total	38,070,213	23,881,098

NOTE 7: PROPERTY PLANT AND EQUIPMENT (CONT)

a. Movements in Carrying Amounts

	VWT Equipment Building Infrastructure	Provision for Site Restoration of VWT Equipment and Building Infrastructure	VWT Construction Work In Progress	Total
Consolidated Group:	**$**	**$**	**$**	**$**
Balance at 1 July 2014	14,383,459	2,037,076	806,994	17,227,529
Additions	570,944	-	8,693,559	9,264,503
Write back for site restoration	-	(2,144,290)	-	(2,144,290)
Depreciation expense	(573,860)	107,214	-	(466,646)
Balance at 1 July 2015 Restated	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	28,006,951	1,533,491	8,529,771	38,070,213

NOTE 8: 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	2016 %	2015 %
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

NOTE 9: INTANGIBLE ASSET

	2016 $	2015 $
Exclusive Territory Development Agreement	1,500,000	1,500,000
Accumulated amortisation	(1,073,622)	(789,370)
	426,378	710,630

Movements in Carrying Amounts	**2016** **$**	**2015** **$**
Opening carrying value	710,630	1,184,384
Amortisation	(284,252)	(473,754)
Closing carrying value	426,378	710,630

The intangible asset was acquired during the 2014 year and was valued at cost. The fair value of $1,500,000 at acquisition represents the value of the shares granted to iFly Australia Pty Limited under the Exclusive Joint Territory Agreement, being 2,500,000 shares at a close price of $0.60 on grant date (20 December 2013).

An accelerated amortisation rate of 40% has been used against this intangible asset, amortised from 20 December 2013. An accelerated method has been used to reflect the expected consumption of benefits under the agreement.

NOTE 10: TRADE AND OTHER PAYABLES	2016 $	2015 $
Trade payables	2,561,130	1,602,493
Other payables and accruals	884,058	440,355
	3,445,188	2,042,848

During the period, 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 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 subsidiary 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. This is a separate transaction to the $1,000,000 investment made on similar basis by iFly Australia Pty Ltd in relation to Indoor Skydiving Gold Coast Pty Ltd in 2015 financial year. The shares of which are yet to be issued. Included in the balance above is therefore $2,000,000 which is expected to be settled through the issue of equity in subsidiaries.

NOTE 11: PROVISIONS - CURRENT

Provision for Employee Benefits	2016 $	2015 $
Opening balance	109,683	65,187
Additional provisions	269,294	233,225
Amounts used	(183,717)	(188,729)
Closing balance – Provision for employee entitlements	195,260	109,683

Provisions for employee benefits represent amounts accrued for annual leave.
The current portion for this provision includes the total amount accrued for annual leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

NOTE 12: DEFERRED REVENUE

	2016	2015
	$	$
Deferred revenue	1,016,439	1,280,530
	1,016,439	**1,280,530**

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 other than breakage which is recognised as per Note 1(r)(iv).

NOTE 13: BORROWINGS

	2016	2015
	$	$
Current Liabilities		
Westpac debt facility	711,584	-
	711,584	**-**
Non - Current Liabilities		
Westpac debt facility	8,436,342	-
	8,436,342	**-**

The Company has in place a $11.15m 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

NOTE 13: BORROWINGS (CONT)

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 deposit accounts held with Westpac Banking Corporation

NOTE 14: ISSUED CAPITAL

	2016 $	2015 $
120,193,004 (2015: 118,974,294) fully paid ordinary shares	36,298,770	35,289,996
Share issue costs	(1,650,315)	(1,650,315)
	34,648,455	33,639,681

	2016	2015
Ordinary Shares	No.	No.
At the beginning of the reporting period	118,974,294	87,305,666
· Shares issued during the period	-	28,907,492
· Share based payments	1,218,710	2,761,136
	120,193,004	118,974,294

b. Performance Rights

	2016	2015*
At the beginning of the reporting period:	350,000	-
Performance rights issued during the year	2,027,167	2,961,136
Performance rights lapsed during the year	(96,673)	-
Performance rights exercised during the year	(1,218,710)	(2,611,136)
	1,061,784	350,000

* 2015 Comparatives amended as previously calculated on Approved Plan values rather than issued values.
2016 values include 85,000 Conditional Rights issued and exercised during the year.

Performance rights are provided to certain employees (including key management personnel) via the Indoor Skydive Australia Group Limited Performance Rights Plan. The fair value is measured at grant date and is recognised over the period the services are received, which is the expected vesting period during which the employees would become entitled to exercise the performance rights.

c. Capital Management

The Board controls the capital of the Group in order to generate long-term shareholder value and to ensure that the Group can fund its operations and continue as a going concern. The Board assesses the Group's capital requirements based on the Company's stage of operations, having regard to available debt funding and equity funding and seek to maintain a capital structure based on the lowest cost of capital available to the Group. The Board achieves this through the internal generation of capital and the management of debt levels and, if necessary, share issues.

NOTE 15: CAPITAL AND LEASING COMMITMENTS

	2016	2015
	$	$
a. Operating Lease Commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable – minimum lease payments:		
- Not later than 12 months	892,765	580,793
- Between 12 months and five years	3,396,091	3,015,074
- Later than five years	11,590,051	11,461,155
	15,878,907	15,057,022

b. Capital Commitments	2016	2015
	$	$
Subsidiary capital commitments contracted for but not recognised in the financial statements	6,857,855	2,425,130
	6,857,855	2,425,130

NOTE 16: CASH FLOW INFORMATION

	2016	2015 Restated
	$	$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(1,314,903)	(1,903,921)
Non-cash flows in loss:		
- Share based payments	481,888	1,423,122
- Gain on FX revaluation	(136,639)	(62,519)
- Unwind of make good discount	-	(53,607)
- Depreciation expense	740,924	467,968
- Amortisation expense	345,842	473,754
Changes in assets and liabilities:		
- (increase)/decrease in trade and term receivables	241,335	(798,127)
- (increase)/decrease in prepaid expenses	-	104,200
- (increase)/decrease in other financial assets	72,107	-
- (increase)/decrease in deferred tax asset	(170,158)	282,313
- increase/(decrease) in trade payables and accruals	191,239	106,158
- increase/(decrease) in unearned revenue	(264,091)	379,493
- increase/(decrease) in provisions	85,577	44,497
Cash flow provided by operations	273,120	463,331

NOTE 17: RELATED PARTY TRANSACTIONS

a. The Group's main related parties are as follows:

(i) Entities exercising control over the Group:

There is no ultimate parent entity that exercises control over the Group.

(ii) *Key management personnel:*

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

For details of disclosures relating to key management personnel, refer to the Remuneration Report.

(iii) *Entities subject to significant influence by the Group:*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement. There are no such entities in the Group.

(iv) *Other related parties:*

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

- The entities disclosed in Note 8 are 100% owned subsidiary companies of the parent entity.

b. Transactions with related parties:

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this Note. Details of transactions between the Group and other related parties are disclosed below.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following table provides the total amount of transactions that have been entered into with related parties for the financial year:

Associates		Payments to related parties
Birkdale Holdings (Qld) Pty Ltd	2016	-
	2015	244,402

NOTE 18: SHARE BASED PAYMENTS

The following Share Based Payments were expensed during the period:	2016 $	2015 $
– Net amounts credited to the share based payment reserve (in respect of performance rights)	737,038	1,432,122
	737,038	1,423,122

On 27 November 2013 shareholders approved the Indoor Skydive Australia Group Limited Performance Rights Plan (**Plan**) at the 2013 Annual General Meeting. The Plan allows for the grant of performance rights to Directors and employees as part of the Company's remuneration strategy. The performance rights carry neither rights to dividends, nor voting rights and may be exercised at any time from the date of vesting to the date of their expiry.

Measurement of fair values

(i) Equity-Settled Share-Based Payment Arrangements

The fair value of equity instruments granted under the Plan has been, where appropriate, calculated using a binominal approximation option pricing model. Service and non-market performance conditions attached to the approvals or grants were not taken into account in determining the fair value.

Where performance rights that were immediately exercised were granted, the fair value of the equity instrument was calculated with reference to the 5 day VWAP of IDZ shares on the transaction date.

The inputs used in the calculation of the fair value at grant (or approval) date of the Equity-settled share-based payments were as follows:

	27 November 2013	27 November 2013	7 July 2014
Fair Value at grant/approval date (weighted average)	$0.59	$0.59	$0.68
Share Price at grant/approval date	$0.59	$0.59	$0.68
Exercise Price	$0.00	$0.00	$0.00
Expected Volatility	50%	50%	50%
Expected life (weighted average number of days)	956	307	358
Expected dividends	0%	0%	0%
Risk-free rate (weighted average)	2.95%	2.69%	2.58%
5 day VWAP	N/A	N/A	$0.68

NOTE 18: SHARE BASED PAYMENTS (CONT)

Reconciliation of outstanding share options

The number and weighted-average exercise prices of equity instruments granted under the Plan were as follows:

	Number of rights	Weighted-average exercise price
Outstanding at 30 June 2015	350,000	0
Granted during the year	2,027,167	0
Forfeited during the year	(96,673)	0
Exercised during the year	(1,218,708)	0
Outstanding as at 30 June 2016	1,061,784	0

NOTE 19: 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 20: FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The Audit and Risk Committee (**A&RC**) has been delegated responsibility by the Board of Directors for, among other issues, managing financial risk exposures of the Group. The A&RC monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, liquidity risk and interest rate risk. The A&RC meets on a regular basis and minutes of the A&RC are reviewed by the Board.

The A&RC's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONT)

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk).

There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Group.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the A&RC has otherwise assessed as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

No collateral is held by the Group securing receivables.

The Group only has significant concentrations of credit risk with any single counterparty in the form of its bankers, and therefore significant credit risk exposures to Australia.

There are no trade and other receivables that are past due nor impaired.

Credit risk related to balances with banks and other financial institutions is managed by the A&RC in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA–.

The following table provides information regarding the credit risk relating to cash and term deposits based on Standard & Poor's counterparty credit ratings.

Cash and Term Deposits:	**2016 $**	**2015 $**
Cash at bank and on hand	2,550,601	4,321,619
Term deposits	-	1,325,556
AA- rated	2,550,601	5,647,175

NOTE 20: FINANCIAL RISK MANAGEMENT (CONT)

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

– preparing forward-looking cash flow forecasts in relation to its operating, investing and financing activities;

– using derivatives that are only traded in highly liquid markets;

– monitoring undrawn credit facilities;

– obtaining funding from a variety of sources;

– maintaining a reputable credit profile;

– managing credit risk related to financial assets;

– only investing surplus cash with major financial institutions; and

– comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet it liabilities when they become due.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONT)

Financial liability and financial asset maturity analysis for the Consolidated Group.

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2016	**2015 Restated**	**2016**	**2015 Restated**	**2016**	**2015 Restated**	**2016**	**2015 Restated**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Financial liabilities due for payment								
Borrowings	711,584	-	8,436,342	-	-	-	9,147,926	-
Trade and other payables *	1,445,188	1,042,848	-	-	-	-	1,445,188	1,042,848
Total contractual outflows	2,156,772	1,042,848	8,436,342	-	-	-	10,593,114	1,042,848
Total expected outflows	2,156,772	1,042,848	8,436,342	-	-	-	10,593,114	1,042,848
Financial assets – cash flows realisable								
Cash and cash equivalents	2,550,601	4,321,619	-	-	-	-	2,550,601	4,321,619
Term deposits	-	1,325,556	-	-		-	-	1,325,556
Trade and other receivables	748,319	606,261	-	-		-	748,319	606,261
Total anticipated inflows	3,298,920	6,253,436	-	-	-	-	3,298,920	6,253,436
Net inflow on financial instruments	**1,141,148**	**5,210,588**	**(8,436,342)**	**-**	**-**	**-**	**(7,294,194)**	**5,210,588**

* See note 10, $2,000,000 of the trade payables balance is expected to be settled through equity.

c. Market risk

(i) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is not exposed to earnings volatility on floating rate instruments.

The financial instruments that primarily expose the Group to interest rate risk are borrowings, cash and cash equivalents and term deposits.

Interest rate risk is managed using a mix of fixed and floating rate debt where possible.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONT)

(ii) *Foreign exchange risk*

Most of the Group's transactions are carried out in AUD. Exposures to currency exchange rates primarily arise from the purchase of vertical wind tunnel equipment from SkyVenture International, which is denominated in US dollars.

To mitigate the Group's exposure to foreign currency risk, non-AUD cash flows are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies. Forward exchange contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other currency transactions. Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

(iii) *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or currency risk) for commodities.

The Group is not exposed to commodity price risk. The Group is not exposed to securities price risk on investments held for trading over the medium to longer terms.

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates, and exchange rates. In respect of the exchange rates, the table summarises the sensitivity of the balance of financial instruments held at the reporting date to movement in the exchange rate of the US dollar to the Australian dollar, with all other variables held constant. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONT)	Profit	Equity
Year ended 30 June 2016	**$**	**$**
+/–1% in interest rates	7,364	7,364
+/–10% in devaluation of the AUD	87	87
Year ended 30 June 2015		
+/–1% in interest rates	56,472	56,472
+/–10% in devaluation of the AUD	24	24

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year. These movements are considered to be reasonably possible based on observation of current market conditions.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group.

Most of these instruments, which are carried at amortised cost (i.e. term receivables, held-to-maturity assets, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Group.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONT)

Consolidated Group	Note	2016 Carrying Amount $	2016 Fair Value $	2015 Restated Carrying Amount $	2015 Restated Fair Value $
Financial assets					
Cash and cash equivalents	(i)	2,550,601	2,550,601	4,321,619	4,321,619
Term deposits	(i)	-	-	1,325,556	1,325,556
Trade and other receivables	(i)	748,319	748,319	606,261	606,261
Total financial assets		3,298,920	3,298,920	6,253,436	6,253,436
Financial liabilities					
Trade and other payables	(i)	3,445,188	3,445,188	2,042,848	2,042,848
Borrowings	(ii)	9,147,926	9,147,926	-	-
Total financial liabilities		12,593,114	12,593,114	2,042,848	2,042,848

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, term deposits, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.

(ii) Debt is recorded at the current carrying value which is considered equivalent to fair value.

NOTE 21: AUDITOR'S REMUNERATION

Remuneration of the auditor for:	2016 $	2015 $
– Audit fees	60,000	45,000
– Half year review	23,000	22,000
– Taxation compliance	3,000	7,500
– Other advisory services	450	2,340
	86,450	76,840

NOTE 22: EARNINGS PER SHARE

	2016 Cents	2015 Cents
Earnings per share (cents per share)		
From continuing operations:		
- basic earnings per share	**(1.10)**	**(1.78)**
- diluted earnings per share	**(1.10)**	**(1.78)**

		2016 $	2015 $
a.	Reconciliation of earnings to profit or loss:		
	Loss	(1,314,903)	(1,903,921)
	Earnings used to calculate basic EPS	(1,314,903)	(1,903,921)
	Earnings used in the calculation of dilutive EPS	(1,314,903)	(1,903,921)

		No.	No.
b.	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	119,673,163	107,101,112
	Weighted average number of dilutive performance rights outstanding	-	-
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	119,673,163	107,101,112

During the year, 1,942,167 performance rights were granted to employees (including key management personnel) under the performance rights plan. These rights are considered to be potential ordinary shares, and have not been included in the determination of basic earnings per share. The performance rights have not been included in the diluted earnings per share calculation as they are considered to be contingently issuable potential ordinary shares and their issue is contingent upon specified conditions in addition to the passage of time. Details relating to the performance rights are set out in Note 14.

NOTE 23: EVENTS AFTER REPORTING DATE

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

NOTE 24: CONTINGENT LIABILITIES

Other than as disclosed in Note 1(r)(vi), the Group does not have any contingent liabilities at the reporting date.

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 26 to 70, are in accordance with the *Corporations Act 2001* and:

    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

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

2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

3. The Directors have been given the declarations required by s 295A of the *Corporations Act 2001*.

Ken Gillespie
Chairman
23 August 2016
Sydney

Wayne Jones
Director & Chief Executive Officer

RSM

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

INDOOR SKYDIVE AUSTRALIA GROUP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Indoor Skydive Australia Group Limited, which comprises the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RSM

Independence

In conducting our audit, 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.

Opinion

In our opinion:

(a) the financial report of Indoor Skydive Australia Group Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

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

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 24 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Indoor Skydive Australia Group Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

RSM

RSM AUSTRALIA PARTNERS

GNS

G N SHERWOOD
Partner

Sydney, NSW
Dated: 23 August 2016

ADDITIONAL INFORMATION

The following information is current as at **8 August 2016**:

1. Shareholder Information

Distribution of Shareholders

Category (size of holding):	Number	Ordinary Shares
1 – 1,000	36	20,556
1,001 – 5,000	110	291,543
5,001 – 10,000	90	750,991
10,001 – 100,000	260	8,383,284
100,001 and over	55	110,746,630
	551	120,193,004

The number of shareholdings held in less than marketable parcels is 49.

The names of the substantial shareholders listed in the holding company's register are:

Shareholder:	Number of Shares	% of Issued Capital
Birkdale Holdings (QLD) Pty Ltd	17,000,001	14.48
Excalib-Air Pty Ltd	16,060,000	13.68
Challenger Limited	15,213,222	12.66
Acorn Capital Limited	10,000,000	9.04
Paradice Investment Management Pty Ltd	7,462,929	6.25
Contango Asset Management Limited	5,999,273	5.02

Voting Rights

ISA Group has ordinary shares on issue. The voting rights attached to each ordinary share is one vote per share when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

ISA Group has performance rights on issue which are not listed on the ASX. Details of the performance rights are set out in the Remuneration Report. Performance rights do not give a holder the right to vote at any meeting of ISA Group.

20 Largest Shareholders – Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
NATIONAL NOMINEES LIMITED	18,455,354	15.355%
BIRKDALE HOLDINGS (QLD) PTY LTD	17,000,001	14.144%
EXCALIB-AIR PTY LTD	16,060,000	13.362%
J P MORGAN NOMINEES AUSTRALIA LIMITED	14,943,017	12.433%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,097,280	5.905%
UBS NOMINEES PTY LTD	4,975,000	4.139%
CITICORP NOMINEES PTY LIMITED	3,989,812	3.320%
QUAD INVESTMENTS PTY LTD	2,916,667	2.427%
BNP PARIBAS NOMS PTY LTD <DRP>	2,881,610	2.397%
LYNDCOTE HOLDINGS PTY LTD <LYNDCOTE FAMILY A/C>	2,521,667	2.098%
IFLY AUSTRALIA PTY LIMITED	2,500,000	2.080%
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,129,137	1.771%
PROJECT GRAVITY PTY LTD <THE JONES FAMILY A/C>	1,967,423	1.637%
AUSTRALIAN INDOOR SKYDIVING PTY LTD <THE HOGAN FAMILY A/C>	1,567,423	1.304%
R & K HOOD INVESTMENTS PTY LIMITED <R&K HOOD INV P/L S/F A/C>	1,000,000	0.832%
SABRE ONE INVESTMENTS PTY LTD <BAHUR FAMILY A/C>	961,803	0.800%
JACK SUPER PTY LTD <GREG JACK SUPER FUND A/C>	850,000	0.707%
NULIS NOMINEES (AUSTRALIA) LIMITED <NAVIGATOR MAST PLAN SETT A/C>	757,000	0.630%
MR BRETT AARAN SHERIDAN	415,000	0.345%
SHAUNN RICHARD SEGON & TONIA ALYSSA SEGON	412,500	0.343%
	103,400,694	**86.029%**

2. The name of the company secretary is Fiona Yiend.

3. The address of the principal registered office in Australia is Level 2, 201 Miller Street North Sydney NSW 2060. Telephone 02 9325 5900.

4. Registers of securities are held at Grosvenor Place, Level 12, 225 George Street, Sydney NSW 2000.

5. **Stock Exchange Listing**

   Quotation has been granted for all 120,193,004 ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

6. **Unquoted Securities**

   The Company has on issue 1,061,784 Performance Rights under the Indoor Skydive Australia Group Limited Performance Rights Plan.

   There are no options over unissued shares.

CORPORATE DIRECTORY

Directors	Ken GILLESPIE Wayne JONES Danny HOGAN Stephen BAXTER David MURRAY Kirsten THOMSON
Company Secretary	Fiona YIEND
Registered Office	Indoor Skydive Australia Group Ltd Level 2 201 Miller Street North Sydney NSW 2060
Principle place of business	Indoor Skydive Australia Group Ltd Level 2 201 Miller Street North Sydney NSW 2060
Share register	Boardroom Pty Limited Level 12 225 George Street Sydney NSW 2000
Auditor	RSM Australia Partners Level 12 60 Castlereagh St Sydney NSW 2000
Bankers	Westpac Banking Corporation
Stock exchange listing code:	IDZ
Website	www.indoorskydive.com.au

NOTES

Indoor Skydive Australia Group Ltd
Level 2, 201 Miller Street
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