AIRCRUISING AUSTRALIA LIMITED

ANNUAL FINANCIAL REPORT

June 30, 2009

A.B.N. 25 010 484 938

BILL PEACH JOURNEYS

AIRCRUISING AUSTRALIA LIMITED

Directors
G.Paynter (Chairman)
S.Doyle
J.C.Musgrave
T.Patterson
N.Knudsen

Company Secretary
G.P.Watson

Registered Office
20/77 Bourke Road
ALEXANDRIA NSW 2015
Phone:(02)9693 2233

Auditors Storey Blackwood

Share Registry
Link Market Securities Limited
12/680 George Street
SYDNEY NSW 2000
Phone: (02) 8280 7519

Solicitors Watson Mangioni

Country of Incorporation
Australia

Internet www.billpeachjourneys.com.au

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Bankers	ANZ Bank Limited
Date Listed	3rd July 1986

AIRCRUISING AUSTRALIA LIMITED & CONTROLLED ENTITIES
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REVIEW OF OPERATIONS

The Directors report a net loss after tax of $(640,635) for the year compared to a net profit after tax of $210,173 for the previous year. Sales revenue decreased by 32% on the 2008 year. The loss is attributable to a number of factors, including the Global Financial Crisis on luxury travel, unprecedented flooding on the New South Wales North Coast and the sudden drop in the Australian Dollar in the first quarter of the financial year.

Bill Peach Journeys Aircruising Programmes:
The core product of the company performed below budget in a highly depressed market.

Bill Peach Journey Maker Programmes:
In response to the slump in the market, a number of additional short break journeys were introduced to stimulate the market to travel and provide more affordable touring options to the traditional traveller. The drop in the Australian Dollar against international currencies also created a negative impact on the international programmes.

Aircraft:
Our relationship with the Dash 8 operator continues to work well, and we thank them for their continued support of our operation.

Select Parks Pty Limited

The operation of the Bellinger River Tourist Park was severely affected by three major floods. The floods not only directly affected the park but also closed the Pacific Highway diverting the main touring traffic up the New England Highway. Recent months have shown a return to normal levels of business which will improve results for the new financial year. The Directors are currently evaluating further development of the park to improve earnings.

People Of The Company:
The company's sustainability in the last 12 months is largely due to the dedication and commitment from the people of the company. With individual salary sacrifices and dramatic cost cuts within the company, the staff of Aircruising Australia Limited showed loyalty and commitment to the company and its future. It is their passion in the product that sustains the company's excellent reputation both in the industry and target audience. As always, the directors of the company would like to thank the team for their continued hard work.

The Year Ahead:
With the first half of the next financial year still impacted by the Global Financial Crisis it is very encouraging to report a return to consumer confidence for the 2010 touring season. Hence apart from any changes to accounting standards to the end of year result, the Directors are confident of a positive result.

Jan Musgrave	T. Patten
Jan Musgrave	Tracey Patterson
Joint Managing Director	Joint Managing Director
30th September 2009	30th September 2009

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2009:

1 Directors:

The names and details of the directors of the company in office at the date of this report or at any time during the year:

Guy Paynter L.L.B. (Non-executive Chairman)

Appointed a director of the company on 12th September 2000, and Chairman since March 2002. Mr.Paynter is a Bachelor of Laws and was a partner of the J.B.Were Group of Companies from 1975 until his retirement in September 2003. Mr. Paynter was also a director of Mirrabokka Investments Ltd, resigning on 10th October 2003.

Susan Doyle (Non-executive Director)

Appointed a director of the company on 1st December 2006.

Susan is: Member of the Protective Commissioner Investment Advisory Committee.
Chairman ARIA Commonwealth Sector Superannuation Scheme and Public Sector Superannuation Scheme.
Deputy Chairman S.A. Water Corporation and Chairman of the Audit Committee.
Member, Takeovers Panel - Australian Government.
Member, Future Fund Board.

Jan Musgrave (Joint Managing Director)

Joined the company in 1987 and was appointed Marketing Manager in 1991. Jan was appointed to the board in 1994 and continues to serve the company in the capacity of Marketing Director. Jan is also a director of Bill Peach Journeys Pty Limited, Aircruising Australia (New Zealand) Limited, Aircruising Services Pty Limited and Select Parks Pty Limited.

Tracey Patterson (Joint Managing Director)

Tracey joined the company in January 2001, and appointed a director of the company March 2003. Tracey has 28 years experience in senior management roles in both the travel and aviation industries in Australia and the U.K.

Tracey is also a director of Bill Peach Journeys Pty Limited, Aircruising Australia (New Zealand) Limited, Aircruising Services Pty Limited and Select Parks Pty Limited.

Nancy Knudsen (Non Executive Director)

Nancy is a founding director of the company, and has over 31 years experience in the tourism industry. Nancy is also a director of Aircruising Australia (New Zealand) Limited and Aircruising Services Pty Limited.

Company Secretary

The following person held the position of company secretary at the end of the financial year

Geoffrey Watson (Company Secretary)

Geoffrey became a member of the Australian Society of Accountants in 1972, and has over 40 years experience in commercial accounting. Geoffrey did not renew his membership of the "C.P.A" in the year 2000.

Interest in the Shares of the Company:

As at the date of this report, the relevant interests of the directors in the shares of the company are:

	Ordinary Shares Fully Paid
L.G.J.Paynter	6,264,750
N.F.Knudsen	2,270,430
S Doyle	22,000
J.C.Musgrave	1,000

DIRECTORS' REPORT

2 Principal Activities
The principal activities of the company during the course of the year were the operation of special interest tour programmes, aircruises within and from Australia and the operation of a caravan park.

3 Earnings per Share

	Cents	
Basic & diluted earnings per share	-5.34	Cents

4 Results for the Year.
The net consolidated loss for the financial year ended 30 June 2009 after income tax was $640,635 (2008: Profit $210,173).

5 Dividends
The Directors recommend that no dividend be paid (2008: Nil)

6 Employees
The consolidated entity employed 14 employees as at 30th June 2009 (2008: 20 employees).

7 Future Developments, Prospects and Business Strategies
Likely developments, future prospects and business strategies of the operations of the economic entity and the expected results of those operations have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the consolidated group.

8 Significant Changes in the State of Affairs.
No significant changes in the state of affairs of the company occurred during the financial year other than those noted in this report.

9 Significant Events after Balance Date.
No significant changes in the state of affairs of the company occurred after balance date.

10 Share Options.
There are no share options on issue at the date of this report.

11 Indemnifying Officers or Auditor
No indemnities have been given or insurance premiums paid during or since, the end of the financial year, for any person who is or has been an officer or auditor of the consolidated group.

12 Directors Emoluments.
Please refer to note 20 "Notes to and Forming Part of the Financial Statements", page 27

13 Directors Meetings.
During the year ten directors meetings were held. The number of meetings at which directors were in attendance is as follows:

Director	No. of Meetings held while in office	Meetings Attended
G. Paynter	10	10
S. Doyle	10	10
J. Musgrave	10	10
T. Patterson	10	9
N. Knudsen	10	3

The company does not have an audit committee due the limited number of directors holding office.

14 Corporate Governance
In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Aircruising Australia Limited support and have adhered to the principles of Corporate Governance.
The company's corporate governance statement is contained in the Corporate Governance section of this report on page 38.

15 Environmental Issues.
The company does not have any exposure to environmental issues.

16 Non Audit Activities.
The board of directors 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 in note 21 did not compromise the external audit's independence for the following reasons:

DIRECTORS' REPORT

* All non-audit services are reviewed and approved by the board of directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor.
* The nature of the services provided do 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.

Fees paid or payable for non-audit activities are detailed in note 21.

17 Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30th June 2009 has been received and can be found on page 6 of the Annual Report.

18 Operating and Financial Review.

The operations of the company throughout the financial year have been severely effected by the Global Financial Crisis, with bookings for tours at an all time low.

Operations of the "Bellinger River Tourist Park" have been adversely affected by recent unprecedented floods of the north coast of New South Wales in the first three months of this calendar year. Due to closure of the Pacific Highway, the park was effectively closed for three months including the Easter trading season.

Signs of improvement are evident with enquiry on the 2010 touring programme running at a high level with a marked increase in bookings on the previous sales period.

Improvements have been carried out at the Bellinger River Tourist Park throughout the year, and signs of improved occupancy levels are evident

Given that this trend will continue, the Directors are forecasting a positive result for the 2010 financial year.

On behalf of the Board:

Jan Musgrave
Joint Managing Director
Sydney, 30th September 2009

Tracey Patterson
Joint Managing Director
Sydney, 30th September 2009

SB Storey Blackwood
CHARTERED ACCOUNTANTS
ABN 16 495 461 685

ACCOUNTING

AUDITING

TAXATION SERVICES

BUSINESS CONSULTING

PERSONAL SUPERANNUATION

COMPANY SECRETARIAL

LIQUIDATIONS

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
AIRCRUISING AUSTRALIA LIMITED AND ITS
CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:-

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Storey Blackwood

Storey Blackwood

Geoffrey N Adcock
Partner

Dated 30 September 2009

PARTNERS
I.A. JOLLY
G.N. ADCOCK

LEVEL 4, 222 CLARENCE STREET SYDNEY NSW 2000 – POSTAL ADDRESS: PO BOX Q188 QVB SYDNEY 1230
TELEPHONE: **(02) 9283 4500** FACSIMILE: (02) 9283 4643 EMAIL: mail@storeyblackwood.com.au
Member of Kreston International - a global association of independent accountants and business advisors
Liability limited by a scheme approved under Professional Standards Legislation

AIRCRUISING AUSTRALIA LIMITED & CONTROLLED ENTITIES
A.B.N. 25 010 484 938

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	NOTES	CONSOLIDATED GROUP		PARENT ENTITY	
		2009	2008	2009	2008
		$	$	$	$
SALES REVENUE	2	**5,647,666**	8,329,060	**5,023,453**	6,802,263
COST OF SALES		**(4,203,153)**	(6,243,100)	**(3,839,488)**	(5,311,195)
GROSS PROFIT		**1,444,513**	2,085,960	**1,183,965**	1,491,068
OTHER INCOME	2	**22,268**	53,385	**54,701**	82,773
MARKETING EXPENSE		**(1,216,162)**	(1,078,173)	**(1,191,491)**	(1,057,043)
ADMINISTRATION EXPENSE		**(646,681)**	(717,716)	**(612,929)**	(664,763)
FINANCE COSTS	3	**(128,383)**	(49,888)	**(5,863)**	(3,750)
DEPRECIATION AND AMORTISATION EXPENSE	3	**(116,190)**	(83,395)	**(78,420)**	(70,416)
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		**(640,635)**	210,173	**(650,037)**	(222,131)
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES	4	**-**	-	**-**	-
NET PROFIT/ (LOSS) ATTRIBUTABLE TO MEMBERS OF AIRCRUISING AUSTRALIA LTD		**(640,635)**	210,173	**(650,037)**	(222,131)

BASIC EARNINGS PER SHARE	19	**(5.34 cents)**	1.75 cents	-	-
DILUTED EARNINGS PER SHARE	19	**(5.34 cents)**	1.75 cents	-	-

The accompanying notes form part of these financial statements.

AIRCRUISING AUSTRALIA LIMITED & CONTROLLED ENTITIES
A.B.N. 25 010 484 938

BALANCE SHEET
AS AT 30 JUNE 2009

	NOTES	CONSOLIDATED GROUP		PARENT ENTITY	
		2009	2008	2009	2008
ASSETS		**$**	$	**$**	$
CURRENT ASSETS					
Cash and cash equivalents	5	**987,718**	751,362	**570,232**	346,135
Trade and other receivables	6	**65,451**	195,448	**2,403,991**	4,129,975
Inventories	7	**97,885**	97,487	**93,996**	93,085
Other Current Assets	8	**307,130**	567,375	**286,037**	550,186
TOTAL CURRENT ASSETS		**1,458,184**	1,611,672	**3,354,256**	5,119,381
NON- CURRENT ASSETS					
Other financial assets	9	**-**	-	**18,201**	18,201
Property, plant & equipment	10	**2,480,371**	2,295,533	**1,002,212**	1,068,114
Intangible assets	11	**1,292,677**	1,304,730	**108,531**	120,584
TOTAL NON CURRENT ASSETS		**3,773,048**	3,600,263	**1,128,944**	1,206,899
TOTAL ASSETS		**5,231,232**	5,211,935	**4,483,200**	6,326,280
LIABILITIES					
CURRENT LIABILITIES					
Advance deposits		**1,189,649**	1,695,149	**1,008,000**	1,404,306
Trade and other payables	12	**1,052,205**	2,043,918	**3,653,912**	4,357,674
Borrowings	13	**2,181,162**	47,992	**37,404**	18,264
Short term provisions	14	**61,906**	92,573	**61,163**	90,639
TOTAL CURRENT LIABILITIES		**4,484,922**	3,879,632	**4,760,479**	5,870,883
NON CURRENT LIABILITIES					
Borrowings	13	**161,985**	62,108	**-**	37,404
Other long term provisions	14	**43,654**	88,889	**43,654**	88,889
Deferred tax liabilies	15	**99,514**	99,514	**-**	-
TOTAL NON CURRENT LIABILITIES		**305,153**	250,511	**43,654**	126,293
TOTAL LIABILITIES		**4,790,075**	4,130,143	**4,804,133**	5,997,176
NET ASSETS		**441,157**	1,081,792	**(320,933)**	329,104
EQUITY					
Issued Capital	16	**4,800,000**	4,800,000	**4,800,000**	4,800,000
Accumulated Losses		**(4,358,843)**	(3,718,208)	**(5,120,933)**	(4,470,896)
TOTAL EQUITY		**441,157**	1,081,792	**(320,933)**	329,104

The accompanying notes form part of these financial statements

AIRCRUISING AUSTRALIA LIMITED & CONTROLLED ENTITIES
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

Consolidated Group	Ordinary Shares	2009 Retained Earnings	Total
Balance at 1 July 2008	4,800,000	(3,718,208)	1,081,792
Loss attributable to members of the entity		(640,635)	(640,635)
Balance at 30 June 2009	**4,800,000**	**(4,358,843)**	**441,157**

	Ordinary Shares	2008 Retained Earnings	Total
Balance at 1 July 2007	4,800,000	(3,928,381)	871,619
Profit attributable to members of the entity		210,173	210,173
Balance at 30 June 2008	**4,800,000**	**(3,718,208)**	**1,081,792**

STATEMENT OF CASHFLOWS
YEAR ENDED 30 JUNE 2009

	NOTES	CONSOLIDATED GROUP		PARENT ENTITY	
		2009	2008	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**7,053,525**	8,497,548	**5,637,525**	6,127,219
Payments to suppliers and employees		**(8,652,431)**	(7,347,414)	**(7,298,288)**	(5,628,078)
Finance costs		**(128,383)**	(49,888)	**(5,863)**	(3,750)
Interest received		**19,574**	50,078	**51,887**	79,466
NET CASH PROVIDED BY OPERATING ACTIVITIES	18(a)	**(1,707,715)**	1,150,324	**(1,614,739)**	574,857
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(289,460)**	(1,330,397)	**(950)**	(70,663)
Payment for intangibles		**-**	(1,084,632)	**-**	-
Proceeds from sale of property, plant & equipment		**484**	17,273	**-**	-
Payment for subsidiary, net of cash		**-**	(1)	**-**	(1)
NET CASH PROVIDED BY INVESTING ACTIVITIES		**(288,976)**	(2,397,757)	**(950)**	(70,664)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowing		**1,727,946**	1,514,805	**-**	59,881
Repayment of borrowings		**(85,770)**	(1,458,043)	**(18,264)**	(34,639)
Loans to subsidiary - Net		**-**	-	**1,858,050**	(1,809,234)
NET CASH USED IN FINANCING ACTIVITIES		**1,642,176**	56,762	**1,839,786**	(1,783,992)
NET INCREASE IN CASH HELD		**(354,515)**	(1,190,671)	**224,097**	(1,279,799)
CASH AT BEGINNING OF FINANCIAL YEAR		**751,362**	1,919,121	**346,135**	1,625,934
CASH AT END OF FINANCIAL YEAR	5	**396,847**	728,450	**570,232**	346,135

The accompanying notes form part of these financial statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

This financial report includes the consolidated financial statements and notes of Aircruising Australia Limited and controlled entities ("Consolidated Group" or "Group"), and the separate financial statements and notes of Aircruising Australia Limited as an individual entity ('Parent Entity').

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authorative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report 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. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Going Concern

The financial statements have been prepared on a going concern basis. The economic entity has net current liabilities of $3,026,738 (2008 ($2,267,960),this is mainly due to the purchase of fixed assets in the year 2003 of $1,017,014 and 2008 of $2,315,765 funded from cash resources.
It should be noted that current liabilities include an amount of $1,189,649 (2008 $1,695,149) of advance deposits from customers. The consolidated entity earned an operating loss from ordinary activities after tax of $640,635 for the year ended 30th June 2009, compared with a profit of $210,173 in the previous financial period.
The cash position of the consolidated entity has decreased in the current financial period with a positive cash of $396,847 at 30th June 2009 (2008 $751,362). The reduction is a direct result of the trading loss.

The ability of the consolidated entity to continue to trade as a going concern is dependent on the consolidated entity being able to obtain additional funding either from trading profitability or from continued support of the major shareholders and the bank. If the consolidated gentility is unable to obtain such funding, they may be required to realise assets and extinguish liabilities and commitments other than in the ordinary course of business and at amounts which are different from those currently stated in the financial statements.

a. Principles of consolidation

A controlled entity is any entity over which Aircruising Australia Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 9 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profit or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the equity section of the consolidated balance sheet and in the consolidated income statement.

Business Combinations
Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit and loss.

b. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).
Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore 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 (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, 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, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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 legally enforceable right of set off exists, 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.

Tax Consolidation

Aircruising Australia Limited and its wholly owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the "stand-alone taxpayer" approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

c. Inventories

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

d. 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.

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. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	2009	2008
Buildings	50 Years	50 Years
Plant and equipment	4 to 15 Years	4 to 15 Years
Motor vehicles	4 Years	4 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

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 included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. Leases.

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

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased 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 charged as an expense 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 life of the lease term.

f. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade debtor accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at 'fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

1 *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

2 *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

3 *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

4 *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories or financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

5 *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non cash assets or liabilities assumed, is recognised in profit or loss.

g. Impairment of Assets.

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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.

h. Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses.
Patents and trademarks are amortised over their useful life being determined as 15 to 20 years.

i. Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate when fair values were determined.

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

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expense are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on the translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

j. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

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.

l. Cash & cash equivalents.

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.
Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

m. Revenue and other income

Revenue from the sale of goods is recognised upon the delivery of goods to the customers.
Trip revenue is recognised at date of departure.
Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.
Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.
Revenue from the rendering of services is recognised upon the delivery of the service to the customer.

At date of departure, trip revenue has been paid in full, and the company has no further financial liability as all services have been provided.

All revenue is stated net of the amount of goods and services tax (GST).

n. Borrowing Costs

All borrowing costs are recognised in expense in the period in which they are incurred.

o. 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

p. Comparative Figures

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

q. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates - Impairment of goodwill

The group assesses impairment at each reporting date by evaluating conditions and events specific to the group that may be indicative of impairment triggers.

No impairment has been recognised in respect of goodwill for the year ended 30 June 2009.

r. Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. Trade creditors are non-interest bearing and are normally settled on 30 day terms.

Payables to related parties are carried at the principal amount. Details of terms and conditions of related parties payables are set out in Note 12.

s. Advance deposits

Advance deposits are monies received in advance for trips which have not departed. These amounts are recorded at nominal amounts, which equates to fair value. These are recognised as a liability until the trip departs, at which time recognition is given to the revenue associated with such advance deposits.

t. Interest-bearing liabilities

All loans are measured at the principal amount. Interest is charged as an expense as is accrues.

Bills payable are carried at principal amount plus deferred interest.

u. New Accounting Standards for Application in Future Periods.

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

* AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 3 and [AASBs 1,2,4,5,7,110,112,114,116,121,128,131,132,133,134,136,137,138 & 139 and interpretations 9& 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7:Amendments to Australian Accounting Standards - Cost of an investment in a subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined.

  <u>The following changes to accounting requirements are included:</u>

  acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;

  contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;

  a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;

  there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);

- dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
- impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
- where there is, in substance, no change to Group Interests, parent entities inserted above existing Groups shall measure the cost of its investment at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

* The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.
* AASB 8: Operating Segments and AASB 2007-3; Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5,AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114, and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Groups Board for the purpose of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however,
* AASB 101: Presentation of Financial Statements, AASB 2007-8; Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supercedes the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
* AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the group.

The Group does not expect these requirements to have any material effect on the Group's financial statements.

AASB 138: Intangible assets; Amendments to Australian Accounting Standards arising from AASB 2008-5, Amendments to Australian Accounting Standards arising from Annual Improvements Project (Applicable for annual reporting periods commencing on or after 1 January 2009). The revised AASB 138 seeks to clarify the use of the term "as incurred". The new paragraph states that these costs must now be recognised as an expense at the time that the benefit of the goods or services being provided are actually available to the entity.

The effects of the change to AASB 138 (Revised) for the 30 June 2010 accounts are estimated to be:

	Year ended 30.6.2010
Decrease in profit after tax	(175,000)
Decrease in total assets	(175,000)
Decrease in equity	(175,000)

2 REVENUE AND OTHER INCOME

	CONSOLIDATED GROUP		PARENT ENTITY	
	2009	2008	2009	2008
Revenue from operating activities				
Sales Revenue	**5,647,666**	8,329,060	**5,023,453**	6,802,263
	5,647,666	8,329,060	**5,023,453**	6,802,263
Revenues from non-operating activities				
Interest received	**19,574**	50,078	**51,887**	79,466
Other revenue	**2,694**	3,307	**2,814**	3,307
Total revenues from non-operating activities	**22,268**	53,385	**54,701**	82,773
Total revenues from ordinary activities	**5,669,934**	8,382,445	**5,078,154**	6,885,036

3 PROFIT FOR THE YEAR

(a) Expenses				
Depreciation of non-current assets				
Buildings	**25,564**	22,022	**17,064**	17,064
Plant and equipment	**18,669**	13,719	**11,256**	9,049
Leased motor vehicles	**6,187**	3,351	**-**	-
Owned motor vehicles	**6,915**	12,093	**6,915**	12,093
Leased plant and equipment	**46,802**	20,157	**31,132**	20,157
Total depreciation of non-current assets	**104,137**	71,342	**66,367**	58,363
Amortisation of non-current assets				
Trade names	**12,053**	12,053	**12,053**	12,053
Total amortisation of non-current assets	**12,053**	12,053	**12,053**	12,053
Total Depreciation and Amortisation Expense	**116,190**	83,395	**78,420**	70,416
Borrowing costs				
Interest Expense				
Bank facilities	**100,981**	47,250	**680**	1,508
Finance lease	**27,402**	2,638	**5,183**	2,242
Total Borrowing Costs	**128,383**	49,888	**5,863**	3,750
(b) Net gains or losses				
Loss on disposal of property plant and equipment	**-**	66,697	**-**	64,635

	CONSOLIDATED GROUP		PARENT ENTITY	
	2009	2008	2009	2008
4 INCOME TAX EXPENSE				
A: The components of tax expense comprise:				
Current tax	**(117,690)**	96,202	**(124,740)**	(42,210)
Recoupment of prior year tax losses	-	(96,202)	-	-
Deferred tax asset re tax losses not recognised	**117,690**	-	**124,740**	**42,210**
	-	-	-	-
B: The prima facia tax, using rates applicable in the country of operation, on profit is reconciled to the income tax as follows:				
Prima facia tax payable on profit from ordinary activities before income tax at 30% (2008 30%) New Zealand 33% (2008 33%)				
-economic entity	**(189,312)**	76,979	-	-
-parent entity	-	-	**(195,011)**	(66,639)
-other members of the income tax group	-	-	-	-
Add tax effect of:				
Non-deductible depreciation and amortisation	**(3,712)**	26,053	**(3,620)**	26,053
Other assessable items	**75,334**	(6,830)	**73,891**	(1,624)
Less:				
Deferred tax asset not brought to account	**117,690**	-	**124,740**	42,210
Recoupment of prior years losses not previously booked	-	(96,202)	-	
Income tax expense attributable to ordinary activities	-	-	-	-

Income tax losses

Deferred tax asset as a result of tax losses not brought to account at balance date

The deferred tax asset will only be obtained if:

a) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
c) no changes in tax legislation adversely affect the company in realising the benefit
d) the applicable weighted average effective tax rates are as follows

tax rates are as follows	**18.37%**	**45.77%**	**19.19%**	**19.00%**

5 CASH AND CASH EQUIVALENTS

Cash at bank and in hand	**983,088**	558,806	**566,058**	341,100
Short-term other deposits	**4,630**	192,556	**4,174**	5,035
Cash & Cash Equivalents	**987,718**	751,362	**570,232**	346,135

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	**987,718**	751,362	**570,232**	346,135
Bank overdrafts	**(590,871)**	(22,912)	-	-
	396,847	728,450	**570,232**	346,135

	CONSOLIDATED GROUP		PARENT ENTITY	
	2009	2008	2009	2008
6 TRADE AND OTHER RECEIVABLES				
Current				
Trade receivables	**65,451**	89,733	**2,915**	89,087
Other receivables	**-**	105,715	**45,278**	76,075
Wholly owned subsidiaries	**-**	-	**2,355,798**	3,964,813
	65,451	195,448	**2,403,991**	4,129,975
7 INVENTORIES				
Finished goods	**97,885**	97,487	**93,996**	93,085
8 OTHER ASSETS (CURRENT)				
Prepayments	**307,130**	567,375	**286,037**	550,186
9 OTHER FINANCIAL ASSETS (NON-CURRENT)				
INVESTMENT AT COST:				
Controlled entities - unlisted	**-**	-	**18,201**	18,201

Name	Country of incorporation	Percentage of equity interest held by the parent entity		Investment	
		2009	2008	**2009**	2008
		%	%	**$**	$
(a) Aircruising Australia (New Zealand) Ltd ^	New Zealand	**100**	100	**100**	100
Aircruising Services Pty Ltd	Australia	**100**	100	**100**	100
Bill Peach Journeys Pty Ltd	Australia	**100**	100	**18,000**	18,000
Select Parks Pty Limited	Australia	**100**	100	**1**	1
				18,201	18,201

^ The entity is audited by Slight, Lala & Co.

10 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED GROUP		PARENT ENTITY	
	2009	2008	2009	2008
Land and Buildings				
Freehold land at:				
At Cost	**964,084**	964,084	**214,084**	214,084
Total land	**964,084**	964,084	**214,084**	214,084
Buildings at:				
At Cost	**1,216,832**	1,216,832	**791,832**	791,832
Accumulated depreciation	**(119,517)**	(95,180)	**(106,059)**	(90,222)
Total buildings	**1,097,315**	1,121,652	**685,773**	701,610
Total land and buildings	**2,061,399**	2,085,736	**899,857**	915,694
Furniture & Equipment owned				
At Cost	**133,156**	64,805	**133,156**	64,506
Accumulated depreciation	**(100,581)**	(38,808)	**(100,581)**	(38,748)
	32,575	25,997	**32,575**	25,758
Furniture & Equipment under Lease				
At Cost	**280,777**	122,536	**53,720**	122,536
Accumulated amortisation	**(46,518)**	(57,588)	**(30,848)**	(57,588)
	234,259	64,948	**22,872**	64,948
Plant and Equipment				
At Cost	**97,926**	36,174	-	-
Accumulated depreciation	**(10,656)**	(3,183)	-	-
	87,270	32,991	-	-
Motor Vehicles Owned				
At Cost	**66,080**	66,080	**66,080**	66,080
Accumulated depreciation	**(44,939)**	(38,023)	**(44,939)**	(38,023)
	21,141	28,057	**21,141**	28,057
Motor Vehicles under Lease				
At Cost	**27,499**	27,499	-	-
Accumulated amortisation	**(9,539)**	(3,352)	-	-
Accumulated impairment	-	-		-
	17,960	24,147	-	-
Office Improvements under Lease				
At Cost	**78,898**	78,898	**78,898**	78,898
Accumulated amortisation	**(53,131)**	(45,241)	**(53,131)**	(45,241)
	25,767	33,657	**25,767**	33,657
Total Property, Plant and Equipment	**2,480,371**	2,295,533	**1,002,212**	1,068,114

10 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Reconciliations:

Reconciliation of the carrying amounts of property, plant and equipment at the beginning of

		CONSOLIDATED GROUP		PARENT ENTITY	
		2009	2008	2009	2008
Freehold Land					
	Carrying amount at beginning	**964,084**	214,084	**214,084**	214,084
	Disposals	**-**	-	**-**	-
	Additions	**-**	750,000	**-**	-
	Depreciation expense	**-**	-	**-**	-
		964,084	964,084	**214,084**	214,084
Buildings	Carrying amount at beginning	**1,121,652**	717,446	**701,610**	717,446
	Disposals	**-**	-	**-**	-
	Additions	**-**	425,000	**-**	-
	Depreciation expense	**(24,337)**	(20,794)	**(15,837)**	(15,836)
		1,097,315	1,121,652	**685,773**	701,610
Furniture & Equipment owned					
	Carrying amount at beginning	**25,997**	19,091	**25,758**	19,091
	Disposals	**(484)**	-	**(484)**	-
	Transferred from leased	**17,682**	-	**17,682**	-
	Additions	**950**	17,242	**950**	16,943
	Depreciation expense	**(11,452)**	(10,336)	**(11,332)**	(10,276)
		32,693	25,997	**32,574**	25,758
Plant and Equipment					
	Carrying amount at beginning	**32,991**	-	**-**	-
	Disposals	**-**	(19,336)	**-**	-
	Additions	**61,453**	56,937	**-**	-
	Depreciation expense	**(7,293)**	(4,610)	**-**	-
		87,151	32,991	**-**	-
Furniture & Equipment under Lease					
	Carrying amount at beginning	**64,948**	23,496	**64,948**	23,496
	Disposals	**-**	-	**-**	-
	Additions	**227,057**	53,720	**-**	53,720
	Transferred to owned	**(17,682)**	-	**(17,682)**	-
	Amortisation expense	**(40,065)**	(12,268)	**(24,395)**	(12,268)
		234,258	64,948	**22,871**	64,948
Motor Vehicles Owned					
	Carrying amount at beginning	**28,057**	27,050	**28,057**	27,050
	Disposals	**-**	-	**-**	-
	Additions	**-**	12,250	**-**	12,250
	Depreciation expense	**(6,915)**	(11,243)	**(6,915)**	(11,243)
		21,142	28,057	**21,142**	28,057
Motor Vehicles under Lease					
	Carrying amount at beginning	**24,147**	13,100	**-**	13,100
	Disposals	**-**	(12,250)	**-**	(12,250)
	Additions	**-**	27,499	**-**	-
	Amortisation expense	**(6,187)**	(4,202)	**-**	(850)
	Impairment expense	**-**	-	**-**	-
		17,960	24,147	**-**	-
Office Improvements under Lease					
	Carrying amount at beginning	**33,657**	41,546	**33,657**	41,546
	Disposals	**-**	-	**-**	-
	Additions	**-**	-	**-**	-
	Amortisation expense	**(7,889)**	(7,889)	**(7,889)**	(7,889)
		25,768	33,657	**25,768**	33,657
		2,480,371	2,295,533	**1,002,212**	1,068,114

AIRCRUISING AUSTRALIA LIMITED & CONTROLLED ENTITIES
A.B.N. 25 010 484 938
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (cont'd)

	Note	CONSOLIDATED GROUP		PARENT ENTITY	
		2009	2008	2009	2008
11 INTANGIBLES					
Trade names at cost		**815,000**	815,000	**815,000**	815,000
Accumulated amortisation		**(706,469)**	(694,416)	**(706,469)**	(694,416)
		108,531	120,584	**108,531**	120,584
Goodwill on purchase of "Repton Riverside Tourist Park"		**1,184,146**			
Additions			1,184,146	-	-
Total Intangibles		**1,292,677**	1,304,730	**108,531**	120,584
Reconciliations:					
Trade Names					
Carrying amount at beginning		**120,584**	132,637	**120,584**	132,637
Depreciation expense		**(12,053)**	(12,053)	**(12,053)**	(12,053)
		108,531	120,584	**108,531**	120,584
Goodwill on purchase of Repton Riverside Tourist Park					
Carrying amount at beginning		**1,184,146**	-	-	-
Additions		-	1,184,146	-	-
Depreciation expense		-	-	-	-
		1,184,146	1,184,146	-	-
		1,292,677	1,304,730	-	-

Impairment Disclosures

The recoverable amount of goodwill has been assessed by the Directors using the best information available to them. Based on this assessment, the Directors are of the opinion that there is no impairment loss to be recognised in the profit and loss.

	Note	CONSOLIDATED GROUP 2009	CONSOLIDATED GROUP 2008	PARENT ENTITY 2009	PARENT ENTITY 2008
12 TRADE AND OTHER PAYABLES					
Unsecured liabilities					
Trade payables		**675,583**	1,244,078	**653,258**	1,217,250
Sundry payables and accrued expenses		**376,622**	799,840	**352,111**	740,916
Wholly owned subsidiaries		-	-	**2,648,543**	2,399,508
		1,052,205	2,043,918	**3,653,912**	4,357,674
13 BORROWINGS					
Current					
Unsecured liabilities					
Lease liability	17	**90,291**	25,080	**37,404**	18,264
Bank overdraft		-	16,794	-	-
		90,291	41,874	**37,404**	18,264
Secured liabilities					
Bank overdraft		**590,871**	6,118	-	-
Bank Bills		**1,500,000**	-	-	-
		2,090,871	6,118	-	-
Total current borrowings		**2,181,162**	47,992	**37,404**	18,264
Non-Current					
Lease liability	17	**161,985**	62,108	-	37,404
Total non current borrowings		**161,985**	62,108	-	37,404
Total borrowings		**2,343,147**	110,100	**37,404**	55,668

(b) Terms and conditions relating to the above financial instrument

Finance leases have an average lease term of 3 years. The weighted average interest rate implicit in the leases is 10.86% (2008; 10.63%). Secured lease liabilities are secured by a charge over the leased assets.

Total current and non current secured liabilities

	CONSOLIDATED GROUP 2009	CONSOLIDATED GROUP 2008	PARENT ENTITY 2009	PARENT ENTITY 2008
Bank overdraft	**590,871**	22,912	-	-
Bank Bills	**1,500,000**	-	-	-
	2,090,871	22,912	-	-

	CONSOLIDATED GROUP		PARENT ENTITY	
	2009	2008	2009	2008
The carrying amounts of assets pledged as security are:				
Floating charge over all assets	**5,231,232**	5,211,935	**4,483,200**	6,326,280

Collateral Provided

The bank debt is secured by a first mortgage registered mortgage over the assets owned by the group.
Covenants imposed by the bank are:

"The interest cover ratio for each financial year for the group will not, as at the compliance date, be less than 1.6:1"

Lease liabilities are secured by the underlying leased assets.

As at 30 June, the group was in breach of the above banking covenant. Note that all bank loans in the balance sheet are classified as "Current Liabilities".

Bills Payable

Bills payable have been drawn as a source of short term finance. As at June 2009, the length of bills ranged from 30 to 180 days.
Average interest cost as at June 2009 is 4.4% (2008 nil)
The bank loan facility for the variable rate commercial bill facility ($1,550,000) expires on 30.11.2012

Bank Overdraft

The term on the bank overdraft facility ($950,000) is:

"the facility will continue until either or both (whichever occurs earlier) a review event or an event of default (as defined in the finance conditions of use) occurs".

	Current Employee Benefit	**Non-Current Employee Benefit**	**Total**
14 PROVISIONS			
ECONOMIC ENTITY			
Opening balance at 1 July 2008	**92,573**	**88,889**	**181,462**
Moved to current	**28,486**	**(28,486)**	**-**
Additional provisions	**79,853**	**(9,826)**	**70,027**
Amount used	**(139,006)**	**(6,923)**	**(145,929)**
Balance as at 30 June 2009	**61,906**	**43,654**	**105,560**
PARENT ENTITY	**61,906**		
Opening balance at 1 July 2008	**90,639**	**88,889**	**179,528**
Moved to current	**28,486**	**(28,486)**	**-**
Additional provisions	**77,333**	**(9,826)**	**67,507**
Amount used	**(135,295)**	**(6,923)**	**(142,218)**
Balance as at 30 June 2009	**61,163**	**43,654**	**104,817**

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows, in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in note 1 to this report.

	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
15 TAX				
Liabilities				
Non current				
Deferred tax liability	**99,514**	99,514	**-**	-
Consolidated Group				
Deferred Tax Liability				
Property Plant and Equipment tax allowance	**99,514**	99,514	**-**	-

16 CONTRIBUTED EQUITY

	Note	Consolidated Group 2009	Consolidated Group 2008	Parent Entity 2009	Parent Entity 2008
Issued and paid up-capital					
12,000,000 fully paid ordinary shares (2008: 12,000,000)		**4,800,000**	4,800,000	**4,800,000**	4,800,000

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distribution to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. The gearing ratios for the year ended 30 June 2009 and 30 June 2008 are as follows:

	Note	Consolidated Group 2009	Consolidated Group 2008	Parent Entity 2009	Parent Entity 2008
Total borrowings		**2,343,147**	110,100	**37,404**	55,668
Less cash and cash equivalents	6	**987,718**	751,362	**570,232**	346,135
Net debt		**1,355,429**	(641,262)	**(532,828)**	(290,467)
Total Equity		**441,157**	1,081,792	**(320,933)**	329,104
Total Capital		**1,796,586**	440,530	**(853,761)**	38,637
Gearing ratio		**75.5%**	N/A	**N/A**	N/A

17 CAPITAL AND LEASE COMMITMENTS

	Note	Consolidated Group 2009	Consolidated Group 2008	Parent Entity 2009	Parent Entity 2008
Lease expenditure commitments					
Finance leases					
- not later than one year		**133,154**	33,834	**41,032**	23,447
- later than one year and not later than five years		**180,196**	**69,088**	**-**	**41,032**
- Total minimum lease payments		**313,350**	102,922	**41,032**	64,479
- future finance charges		**(61,074)**	(15,734)	**(3,628)**	(8,811)
- Lease liability		**252,276**	87,188	**37,404**	55,668
current liability	13	**90,291**	25,080	**37,404**	18,264
non-current liability	13	**161,985**	**62,108**	**-**	**37,404**
		252,276	87,188	**37,404**	55,668
Capital Expenditure Commitments					
Plant and equipment		**Nil**	51,455	**Nil**	51,455

18 STATEMENT OF CASH FLOWS

	CONSOLIDATED GROUP		PARENT ENTITY	
	2009	2008	2009	2008
(a) Reconciliation of the operating profit/(loss) after tax to the net cash flows				
Operating profit after tax	(640,635)	210,173	(650,037)	(222,131)
Non cash flows in profit from ordinary activities				
Depreciation	57,886	71,342	35,235	58,363
Amortisation	58,305	12,053	43,135	12,053
Gain or (loss) on sale of fixed asset	-	66,697	348	64,634
Gain on acquisition of subsidiary		-		
Changes in assets and liabilities				
(increase)/decrease trade receivables	129,997	54,596	116,969	25,609
(increase)/decrease inventory	(398)	27,492	(913)	31,894
(increase)/decrease other current assets	260,245	9,368	264,149	26,185
increase/(decrease) trade creditors	(991,713)	718,763	(952,608)	641,540
increase/(decrease) advance deposits	(505,500)	(83,516)	(396,306)	(124,712)
increase/(decrease) employee entitlements	(75,902)	63,356	(74,711)	61,422
Net cash flow from operating activities	(1,707,715)	1,150,324	(1,614,739)	574,857

(b) Non cash financing and investment activities:

Finance lease transactions

During the year the consolidated group acquired plant and equipment with an aggregate value of Nil (2008 Nil) by means of finance leases. These acquisitions are not reflected in the cash flow statement.

(c) Loan Facilities

At balance date, the following financing facilities had been negotiated and were available:

	Consolidated 2009	Consolidated 2008	Parent 2009	Parent 2008
Loan facilities	**2,500,000**	2,500,000	**350,000**	350,000
Amount utilised	**(2,090,871)**	(6,118)	**-**	-
	409,129	2,493,882	**350,000**	350,000
Facilities provided are:				
Bank overdraft	**950,000**	950,000	**350,000**	350,000
Bank Bills	**1,550,000**	1,550,000	**-**	-
	2,500,000	2,500,000	**350,000**	350,000

Bank overdraft is subject to banking covenants, and reviewed on a yearly basis.
Bank Bills facility is due for renewal on 30.11.2012

(d) Acquisition of Entities

During the 2008 financial year, a fully owned subsidiary, Select Parks Pty Limited acquired the Repton RiversideTourist Park at Repton NSW.

Date of purchase 3rd December 2007

	2009	2008
Purchase consideration	**0**	2,315,765
Cash consideration	**0**	2,290,765
Amount due under contract of sale	**0**	25,000
Cash outflow	**0**	2,265,765
Assets and liabilities at acquisition date:		
Receivables		0
Payables		0
Advance deposits		0
Property, plant and equipment	**0**	1,231,714
Deferred tax on acquisition	**0**	-99,514
Goodwill on purchase	**0**	1,183,565
	0	2,315,765
Gain on acquisition		0
	0	2,315,765

The goodwill is attributable to the profitability of the acquired business and the significant synergies expected to arise after the group's acquisition.

The assets and liabilities arising from the acquisition are recognised at fair value which is equal to its carrying value.

19 EARNINGS PER SHARE

	CONSOLIDATED GROUP	
	2009	**2008**
	$	**$**
The following reflects the income and share data used in the calculation of basic and diluted earnings per share		
Net profit	**(640,635)**	210,073
Adjustments	**-**	-
Earnings used in calculating basic and diluted earnings per share:	**(640,635)**	210,073
	Number of Shares	**Number of Shares**
Weighted average number of shares used in calculating basic earnings per share.	**12,000,000**	12,000,000
Effect of dilutive securities		
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**12,000,000**	12,000,000

20 REMUNERATION OF DIRECTORS AND EXECUTIVES

(a) Names and positions held of parent entity directors and specified directors and specified executives in office at any time during the financial year.

Parent Entity Directors

Mr.G.Paynter	Chairman - Non-Executive
Mrs. S Doyle	Director-Non Executive
Mrs.J.Musgrave	Director-Joint Managing Director
Mrs.T Patterson	Director-Joint Managing Director
Mrs.N.Knudsen	Director-Non Executive

Specified Executives

Mr.S.Weatherstone	Chief Pilot
Mrs.J.Faiella	Company Accountant
Mrs.P.Anderson	Product Manager
Mr.G.Watson	Company Secretary
Mr.W.Gronebech	Manager LADS Operation

(b) **Parent Entity Remuneration**

		Primary Benefits			
		Salary, Fees & Commissions	Superannuation	Non Cash Benefit	Total
2009	Mr.G.Paynter	-	-	-	-
	Mrs.S Doyle	11,114	1,000	-	12,114
	Mrs.J.Musgrave	115,115	9,000	13,060	137,175
	Mrs.T Patterson	117,202	8,585	7,310	133,097
	Mrs.N.Knudsen	-	-	-	-
		243,431	18,585	20,370	282,386
2008	Mr.G.Paynter	-	-	-	-
	Mrs.S Doyle	13,135	1,182		14,317
	Mrs.J.Musgrave	99,205	8,294	13,065	120,564
	Mrs.T Patterson	90,903	7,411	7,310	105,624
	Mrs.N.Knudsen				-
		203,243	16,887	20,375	240,505

The service and performance criteria set to determine remuneration are included per note (e).

(c) **Specified Executives Remuneration**

2009	Mr.S.Weatherstone	30,088	80,035		110,123
	Mrs.J.Faiella	72,102	6,297		78,399
	Mrs.P.Anderson	58,245	4,900		63,145
	Mr.G.Watson	28,685	2,582		31,267
	Mr.W.Gronebech	67,015	10,025		77,040
		256,135	103,839	-	359,974
2008	Mr.S.Weatherstone	29,435	78,494		107,929
	Mrs.J.Faiella	68,631	5,993		74,624
	Mrs.P.Anderson	62,704	5,303		68,007
	Mr.G.Watson	31,275	2,365		33,640
	Mr.W.Gronebech	65,646	22,839		88,485
		257,691	114,994	-	372,685

(d) **Shareholding**	Opening Number	Purchases	Disposals	Closing Balance
Parent Entity Directors				
Mr.G.Paynter	6,264,750	-	-	6,264,750
Mrs.S.Doyle	22,000	-	-	22,000
Mrs.J.Musgrave	1,000	-	-	1,000
Mrs.N.Knudsen	2,270,430	-	-	2,270,430
Specified Executives				
Mr.G.Watson	88,800	-	-	88,800

(e) **Remuneration Packages**

The group's policy for determing the nature and amount of emoluments of board members and senior executives of the company is as follows:

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and specified directors and directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement specified directors and executives are paid employee benefit entitlements accrued to date of retirement.

The group seeks to emphasise payment for results through providing various cash bonus reward schemes to executive directors, specifically, the incorporation of incentive payments based on the achievment of sales targets and return on equity ratios. The objective of the reward schemes is to both reinforce the short and long term goals of the company and to provide a common interest between management and shareholders.

The payment of bonuses based on the 2008 financial year were made in the 2009 year from the accrued provision.

	CONSOLIDATED GROUP		PARENT ENTITY	
	2009	2008	**2009**	2008
	$	$	**$**	$
21 AUDITORS REMUNERATION				
Amounts received or due and receivable by Storey Blackwood as auditors of Aircruising Australia Limited:				
- an audit or review of the financial report of the entity and any other entity in the consolidated group	31,200	27,951	25,000	23,000
- Tax advice	7,150	2,985	2,200	2,200
	38,350	30,936	27,200	25,200
Amounts received or due and receivable by auditors other than the auditors of Aircruising Australia Limited for:				
- an audit or review of the financial report of subsidiary entities.	3,849	3,849	-	-
	42,199	34,785	27,200	25,200

22 DIVIDENDS PAID OR PROPOSED

There are no franking credits available for distribution
The Directors' have not recommended the payment of a final dividend (2008: Nil), and do not propose to pay unfranked dividends in the forthcoming year.

23 RELATED PARTY TRANSACTIONS

Directors

The directors of Aircruising Australia Limited during the financial year were:

- L.G.J.Paynter
- S.Doyle
- N.F.Knudsen
- J.C.Musgrave
- T.Patterson

Equity instruments of directors

Interests at balance date

Interests in the equity instruments of Aircruising Australia Limited held by the directors of the reporting entity and their director-related entities:

	Ordinary Shares Fully Paid		**Options over Ordinary Shares**	
	2009 Number	2008 Number	**2009 Number**	2008 Number
- L.G.J.Paynter	**6,264,750**	6,264,750	-	-
- N.F.Knudsen	**2,270,430**	2,270,430	-	-
- J C Musgrave	**1,000**	1,000	-	-
- S.Doyle	**22,000**	22,000	-	-
	8,558,180	**8,558,180**	**0**	**0**

Wholly-owned group transactions

Loans

Aircruising Australia (New Zealand) Limited undertakes the group's New Zealand operations on behalf of Aircruising Australia Limited on normal commercial terms and conditions.
Interest free loans are provided by Aircruising Australia Limited.
Select Parks Pty Limited operate Bellinger River Tourist Park. Loans are at the rate of 4.00% P.A.

Other

Aircruising Services Pty Limited undertakes flight service contracting on normal terms and conditions. This company was the operator of the LADS contract with Tenix Limited until December 2008 when the contract was completed.

Other related party transactions

The management fee for accounting and administrative services received by Aircruising Australia Limited and paid by Bill Peach Journeys Pty Limited of $49,813 (2008:$59,645) is based on amounts negotiated between the respective companies, based on commercial terms and conditions,

Aircruising Australia Limited paid agents' commission to its associate Bill Peach Journeys Pty Limited of $55,348 (2008: $66,272) during the year under normal agency/prinicipal arrangements and conditions.

Directors transactions

Loans

There were no directors' transactions during the year.

24 SEGMENT INFORMATION

Aircruising Australia Limited operates aircruises and tour programmes predominantly in the one geographical area, Australia and New Zealand.

25 SUBSEQUENT EVENTS

There have been no other matters arising since the end of the financial year, which have significantly affected, or may significantly affect, the operations, results of those those operations or the state of affairs of the group in subsequent future financial periods.

26 CONTINGENT LIABILITIES

The company does not have any contingent liabilities at the balance sheet date.

27 FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, accounts receivable and payable, loans to and from subsidiaries, bills and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	NOTES	CONSOLIDATED GROUP		PARENT ENTITY	
		2009	2008	**2009**	2008
		$	$	**$**	$
Financial assets					
Cash and cash equivalents	5	**987,718**	751,362	**570,232**	346,135
Trade & other receivables	6	**65,451**	195,448	**2,403,991**	4,129,975
		1,053,169	946,810	**2,974,223**	4,476,110
Financial Liabilities					
Financial liabilities at amortised cost					
Trade and other payables	12	**1,052,205**	2,043,918	**3,653,912**	4,357,674
Borrowings	13	**2,343,147**	110,100	**37,404**	55,668
Advanced Deposits		**1,189,649**	1,695,149	**1,008,000**	1,404,306
		4,585,001	3,849,167	**4,699,316**	5,817,648

Financial Risk Management Policies

A finance committee consisting of senior executives of the group meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The committee's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The finance committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the Board on a regular basis. This review includes future cash flow requirements.

Financial Risk Exposures and Management.

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk. Note that as a travel company, all tours are paid in full before departure.

Interest rate risk

Interest rate risk is managed by utilising bank bills only. The company experiences cash flow shortfall between November to March of the following year as a result of the seasonal nature of our touring products.
As at June 2009, there was no fixed term debt owing by the company.

Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency.

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 analysis in relation to its operations
- monitoring undrawn credit facilities
- obtaining funding from a variety of sources
- maintain a reputable credit profile
- managing credit risk related to financial assets
- investing only in surplus cash with major financial institutions

The group's policy is to ensure that all borrowings are at a mix of short and medium periods of finance to take advantage of the fluctuating levels of advance deposits.

Financial liability and financial asset maturity analysis

	Within 1 Year		Over 1 Year	
	2009	2008	**2009**	2008
	$	$	**$**	$
Consolidated Group				
Financial liabilities due for payment				
Bank overdraft	**590,871**	22,912	**-**	-
Bank Bills	**1,500,000**	-	**-**	-
Trade and other payables	**1,052,205**	2,043,918	**-**	-
Finance Leases	**90,291**	25,080	**161,985**	62,108
Total contracted outflows	**3,233,367**	2,091,910	**161,985**	62,108
Less bank overdrafts	**(590,871)**	(22,912)	**-**	-
Total expected outflows	**2,642,496**	2,068,998	**161,985**	62,108
Financial assets - cash flows realisable				
Cash and cash equivalents	**987,718**	751,362	**-**	-
Trade and other receivables	**65,451**	195,448	**-**	-
Total anticipated inflows	**1,053,169**	946,810	**-**	-
Net (outflow)/inflow on financial instruments	**(1,589,327)**	(1,122,188)	**(161,985)**	(62,108)
Parent Entity				
Financial liabilities due for payment				
Bank overdraft	**-**	-	**-**	-
Bank Bills	**-**	-	**-**	-
Trade and other payables	**3,653,912**	4,357,674	**-**	-
Finance Leases	**37,404**	18,264	**-**	37,404
Total contracted outflows	**3,691,316**	4,375,938	**-**	37,404
Less bank overdrafts	**-**	-	**-**	-
Total expected outflows	**3,691,316**	4,375,938	**-**	37,404
Financial assets - cash flows realisable				
Cash and cash equivalents	**570,232**	346,135	**-**	-
Trade and other receivables	**2,403,991**	4,129,975	**-**	-
Total anticipated inflows	**2,974,223**	4,476,110	**-**	-
Net (outflow)/inflow on financial instruments	**(717,093)**	100,172	**-**	(37,404)

Financial assets pledged as collateral

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts.

Foreign exchange risk

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 Group.

With instruments being held by overseas operations, fluctuations in NZ Dollar may impact on the group's financial results unless those exposures are appropriately hedged.

The group does not hedge against this exposure.

The following table shows the foreign currency risk on the financial assets and liabilities of the group's operations, denominated in the currency other than the functional currency of the operations.
The foreign currency risk in the books of the parent entity is considered immaterial and is therefore not shown.

Consolidated	Net financial assets/(liabilities) in AUD $ NZ	
	2009	2008
New Zealand Dollar	**412,779**	450,730

Forward exchange contracts

The group has open forward exchange contracts at balance date relating to highly probable forecast transactions and recognised financial assets and financial liabilities. These contracts commit the group to buy and sell specified amounts of foreign currencies in the future at specified exchange rates. The group has a policy of requiring that forward exchange contracts be entered into where future commitments are entered into requiring settlement at a time in excess of two months. Contracts are taken out with terms that reflect the underlying settlement terms of the commitment to the maximum extent possible so that hedge ineffectiveness is minimised. Aircruising Australia Limited operates tours in New Zealand, and when appropriate, we hedge against the NZ dollar to maximise results.

The following table summarises the notional amounts of the group's commitments in relation to forward exchange contracts. The notional amounts do not represent amounts exchanged by the transaction counter parties and are therefore not a measure of the exposure of the group through the use of these contracts. These contracts relate to the parent entity only.

	Notional Amounts		**Average Exchange Rate**	
	2009	2008	**2009**	2008
	$	$	**$**	$
Buy $ NZ less than 6 months	**67,000**	134,000	**1.2456**	1.2466
6 months to one year	-	-	-	-

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.

Credit risk is minimised as all monies due must be paid before departure of a tour.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

The following table provides information regarding credit risk relating to cash and money market securities.

	Consolidated Group		**Parent Entity**	
	2009	2008	**2009**	2008
AA rated	641,426	167,606	468,775	5,085

Price risk

The group is exposed to commodity price risk by the use of aviation fuel in the aircraft provided for air tours.
Price changes are monitored closely, and where appropriate, passengers are charged a fuel surcharge.

Net 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 values as presented in the balance sheet. Fair values are those amounts 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 judgement, 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 from markets that are actively traded. In this regards, 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 values 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 and loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the group.

	2009		2008	
Consolidated Group	**Carrying Amount**	**Net Fair Value**	**Carrying Amount**	**Net Fair Value**
Financial Assets				
Available for sale financial assets at fair value	-	-	-	-
Receivables	**65,451**	65,451	**195,448**	195,448
	65,451	65,451	**195,448**	195,448
Financial Liabilities				
Other Loans and Amounts Due	**252,276**	252,276	**110,100**	110,100
Advance Deposits	**1,189,649**	1,189,649	**1,695,149**	1,695,149
Other Liabilities	**1,052,205**	1,052,205	**2,043,918**	2,043,918
	2,494,130	2,494,130	**3,849,167**	3,849,167

	2009		2008	
Parent Entity	**Carrying Amount**	**Net Fair Value**	**Carrying Amount**	**Net Fair Value**
Financial Assets				
Available for sale financial assets at fair value	-	-	-	-
Receivables	**2,403,991**	2,403,991	**4,129,975**	4,129,975
	2,403,991	2,403,991	**4,129,975**	4,129,975
Financial Liabilities				
Other Loans and Amounts Due	**37,404**	37,404	**55,668**	55,668
Advance Deposits	**1,008,000**	1,008,000	**1,404,306**	1,404,306
Other Liabilities	**3,653,912**	3,653,912	**4,357,674**	4,357,674
	4,699,316	4,699,316	**5,817,648**	5,817,648

Fair values are materially in line with carrying values.

Sensitivity Analysis

The following table illustrates sensitivities to the group's exposure to changes in interest rates, and selling prices. The table indicates the impact on how profit and equity values reported at balance date 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.

	Consolidated Group		Parent Entity	
	Profit	Equity	Profit	Equity
Year ended 30 June 2009				
Plus or minus 2% in:				
Selling Price	**+/- 30,000**	+/- 30,000	**+/- 24,000**	+/- 24,000
Interest Rates	**+/- 42,000**	+/- 42,000	-	-
Year ended 30 June 2008				
Plus or minus 2% in:				
Selling Price	**+/- 43,000**	+/- 43,000	**+/- 31,000**	+/- 31,000
Interest Rates	-	-	-	-

28 Company details:

Registered office:

20/77 Bourke Road
ALEXANDRIA NSW 2015

Principal place of business:

20/77 Bourke Road
ALEXANDRIA NSW 2015

AIRCRUISING AUSTRALIA LIMITED & CONTROLLED ENTITIES
A.B.N. 25 010 484 938

DIRECTORS' DECLARATION

The directors' of the company declare that:

1 the financial statements and notes, as set out on pages 7 to 34 , are in accordance with the Corporations Act 2001 and:

a comply with Accounting Standards and Corporations Regulations 2001; and
b give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and consolidated group;

2 The Chief Executive Officer and Chief Finance Officer have each declared that:

a the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
b the financial statements and notes for the financial year comply with the Accounting Standards; and
c the financial statements and notes for the financial year give a true and fair view.

3 in the directors' opinion there are reasonable grounds to believe that the company will be able to pay debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Jan Musgrave

Jan Musgrave
Joint Managing Director
Sydney, 30th September 2009

Tracey Patterson
Joint Managing Director
Sydney, 30th September 2009

SB Storey Blackwood
CHARTERED ACCOUNTANTS
ABN 16 495 461 685

ACCOUNTING

AUDITING

TAXATION SERVICES

BUSINESS CONSULTING

PERSONAL SUPERANNUATION

COMPANY SECRETARIAL

LIQUIDATIONS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRCRUISING AUSTRALIA LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Aircruising Australia Limited (the company) and its Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 28 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements,that the financial report, comprising the financial statements and notes, complies 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 whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation 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 opinion.

PARTNERS
I.A. JOLLY
G.N. ADCOCK

LEVEL 4, 222 CLARENCE STREET SYDNEY NSW 2000 – POSTAL ADDRESS: PO BOX Q188 QVB SYDNEY 1230
TELEPHONE: **(02) 9283 4500** FACSIMILE: (02) 9283 4643 EMAIL: mail@storeyblackwood.com.au
Member of Kreston International - a global association of independent accountants and business advisors

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Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

(a) the financial report of Aircruising Australia Limited and its Controlled Entities is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

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

Storey Blackwood

Storey Blackwood

G Adcock

Geoffrey N Adcock
Partner

Level 4, 222 Clarence Street
Sydney NSW 2000

Dated 30 September 2009

PARTNERS
I.A. JOLLY
G.N. ADCOCK

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CORPORATE GOVERNANCE STATEMENT

30th June 2009

Aircruising Australia Limited supports the A.S.X Corporate Governance Councils Principles of Good Corporate Governance, and has complied with the Council's Best Practice Recommendations to the extent considered appropriate, given the Company's relative size and other circumstances.

The Board of Directors are responsible for the Corporate Governance of the economic entity of Aircruising Australia Limited. The Board of Directors monitors the business and affairs of Aircruising Australia Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Composition of the Board

The board comprises two executive directors and three non executive directors. During the 2008/2009 financial year the non-executive director acted as Chairman.

The board met 10 times during the year to consider, and if appropriate accept, the reports provided by the heads of the individual departments and to formulate future company policy. Reports and other matters for consideration are distributed to the board one week prior to the meeting to facilitate informed discussion of all agenda items.

The directors in office at the date of this statement are:

Guy Paynter	Non Executive Chairman
Susan Doyle	Non Executive Director
Jan Musgrave	Joint Managing Director
Tracy Patterson	Joint Managing Director
Nancy Knudsen	Non Executive Director

The names of independent directors are:

Guy Paynter
Susan Doyle
Nancy Knudsen

The Directors retire in rotation in accordance with the Articles of Association. In effect each director is elected or replaced every third year.

The company is small in public company terms, all the directors meet frequently, as at the date of this report the Directors have no formal policy guidelines relating to the composition of the Board, reviewing the performance of the Board members or nomination of the Auditors, nor do the Directors consider that a series of sub committees serves any useful purpose in a company of this size.

As at the date of this report the directors consider that the capacity of the board is adequate to meet the Corporate Governance of the company.

Each Director is able to obtain independent advice at the expense of the company on matters that relate to their duties to the shareholder subject to approval by the board of the expenditure.

Board Responsibilities and Risk Management

As the board acts on behalf of the shareholders and is accountable to the shareholders, the board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the board is responsible for identifying area's of significant business risk and and ensuring arrangements are in place to adequately manage those risks. The board seeks to discharge these responsibilities in a number of ways.

The responsibility of the operation and administration of the economic entity is delegated to the joint managing directors and the executive team. The board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the joint managing directors and the executive team.

The board is responsible for ensuring that managements objectives and activities are aligned with the expectations and risks identified by the board. The board has a number of mechanisms in place to ensure this is achieved. These mechanisms include the following;

- board approval of a strategic plan, which encompasses the entity's vision. Mission and strategy statements, designed to meet shareholders needs and manage business risk.
- the strategic plan is a dynamic document and the Board is actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of the entity.
- implementation of operating plans and budgets by management and Board monitoring of progress against budget - this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business process.

- the directors meet 10 times per year to review operating results to plan, measurement of key objectives, and review of any risks, whether they be financial or non financial, are discussed and reviewed by the directors. The agreed action to be taken on the identified risks are included in the minutes of the meeting and reviewed again at the following meeting of directors.
- The company has a "Code of Conduct" to guide compliance with legal and other obligations to legitimate stakeholders. There have been no departures from the "Code of Conduct" during the financial year in which this report relates to.
- Trading in company securities by directors and key management staff is controlled by company policy. There is a consensus among Directors and key management staff that share trading by "designated officers" is openly discussed at the meeting of directors. There is an understanding of "Insider Trading", "Blackout Periods", and "Trading Windows". The last recorded transaction in dealing in company securities by Directors and Key Management staff was in January 2007.

Monitoring of the Board's Performance and Communication to Shareholders.
The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to the shareholders through;

- the annual report which is distributed to all shareholders
- the half yearly report distributed to all shareholders; and
- the annual general meeting and other meetings so called to obtain approval for board action as appropriate.

Attendance of External Auditor to annual general meeting.
The external auditors, Storey Blackwood, are requested in writing to be in attendance at the annual general meeting of the company to reply to any questions about the conduct of the audit and the preparation and content of the auditors report.

Retirement Benefits for Non-Executive Directors.
The company does not have in place any agreed retirement benefits for non-executive directors. Remuneration to non-executive directors are details in note 22.

Integrity in Financial Reporting.
The chief executive officer and the chief financial officer have stated in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

The chief executive officer and the chief financial officer have also stated to the board in writing that the company's financial condition and operating results are in accordance with relevant accounting standards. The financial statements are prepared from a sound system of risk management and internal compliance which implements the policies adopted by the board.
The company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Make timely and balanced disclosures.
The company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the securities market and has adopted a Market Disclosure Policy covering:

- announcements to the ASX;
- prevention of selective or inadvertent disclosure;
- conduct of investor and analysts briefings;
- media communications;
- commenting on expected earnings;
- communication black-out periods; and
- review of briefings and communications.

Under the Market Disclosure Policy, the company secretary, as the nominated disclosure officer, has responsibility for overseeing and co-ordinating the disclosure of information by the company to the ASX and for administrating the policy and the company's continuous disclosure education programme.

As Aircruising Australia Limited is a small company, the Board of Directors combined form the function of " Disclosure Committee".

The company's Market Disclosure Policy is consistent with ASX Principle 5. A copy of the policy is available from the company's web site.

Encourage Enhanced Performances.

Performance review
The performance of key executives is monitored at each meeting of directors (10 times per year).

Measurement is against:
- agreed budget, and strategic plan;
- past statistics; and
- industry standards.

The agenda for performance review include:
- operating results;
- customer satisfaction;
- sales;
- occupancy rates.

Facilitating Performance by Education.
New directors have an induction process that includes:
- product familiarisation;
- discussions with joint managing directors and company secretary.

The same procedure is in place for new key executives.

It is always the aim of the directors that new appointments add value and strength to the board.

Access to information.
Directors and key executives have access to continuing education to enhance skills both in the position and the industry.

Reporting.
There is an agreed monthly reporting package in place that is distributed to all directors before the board meeting (10 times per year).

The directors and key executives have free access to any employees to further discuss the contents of the reporting package.

Company Secretary.
The company secretary is accountable to the board through the chairperson on all governance matters.

The company secretary monitors that board policy and procedures are followed, and co-ordinates and despatches the board agenda and supporting papers before the date of the board meeting.

Remunerate Fairly and Responsibly.

Board Remuneration.

Remuneration Pool.
As Aircruising Australia Limited is a small company, the Board of Directors combined form the function of "Remuneration Committee"

The current annual remuneration pool for non-executive directors is $15,000 P.A.

This fee was approved by attending shareholders at the annual general meeting held on 27th November 2008.

Details of annual fees are set out in the remuneration report on page 27 of the Annual Financial Report.

Non-Executive Director Share Plan.
At the date of this report, there is no share plan in existence for non-executive directors.

Remuneration of Executive Directors and Senior Executives.
Details of remuneration for executive directors and senior executives are set out in the Remuneration Report, which forms part of the Annual Financial Report on page 27.

The remuneration report also sets out details of remuneration practices and policies of the company.

Executive Directors and Senior Executives Share Plan.
At the date of this report, there is no share plan in existence for executive directors and senior executives.

Remuneration Committee.
As Aircruising Australia Limited is a small company, the Board of Directors combined form the function of "Remuneration Committee".

The remuneration committee's responsibilities include:

- reviewing fixed and variable remuneration for the Non Executive Directors and Joint Managing Directors including incentive schemes.
- reviewing and approving recommendations from the Joint Managing Directors on fixed and variable remuneration for senior executives including incentive schemes.

The composition, operation and responsibilities of the Remuneration Committee are consistent with ASX principle 8.

The committee, as a process of the meeting of directors, meet 10 times per year.

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ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange and not shown elsewhere in this report is as follows;

The distribution of shareholders is:

1	-	1,000	shares	72	66,689
1,001	-	5,000	shares	98	329,217
5,001	-	10,000	shares	32	268,166
10,001	-	100,000	shares	26	840,183
100,001	-	and over	shares	10	10,495,745
				238	12,000,000

The number of shareholders holding less than a marketable parcel of shares are:	138	235,906

Statement of Shareholdings

The 20 largest shareholders entered on the share registered held 91.93 percent of the issued share capital. The names of the 20 largest shareholders and their holdings are:

Name of 20 Largest Shareholders	Fully Paid Ordinary Shares	% Held
Australian Pioneer Pty Ltd	6,149,250	51.24%
Knudsen Enterprises Pty Ltd	2,225,430	18.55%
Mr Ian Mitchell	564,790	4.71%
Cairnglen Investments Pty Ltd	450,000	3.75%
Trevor Hay	321,775	2.68%
Mecdan Pty Ltd	200,000	1.67%
Teramere Holdings Pty Ltd	200,000	1.67%
Helen Mary Porter	150,000	1.25%
Leslie Guy Julian Paynter	109,500	0.91%
Swaywood Pty Ltd	88,800	0.74%
M.K. and S.J. Marschall	75,262	0.63%
Emyr Wyn Jones	63,911	0.53%
Peter Shrimpton	60,000	0.50%
Paulina Moon	50,000	0.42%
Rosscat Pty Ltd	50,000	0.42%
George Edward Frampton	40,000	0.33%
Rodney Malcolm Paynter	40,000	0.33%
Mrs Nancy Knudsen	33,000	0.28%
Pastis Pty Ltd	125,000	1.04%
Amaka Pty Ltd	35,210	0.29%
Total 20 Largest Shareholders	11,031,928	91.93%
Various	968,072	8.07%
Total	12,000,000	100.00%

Voting rights:

All ordinary shares carry one vote per share without restriction