

Rule 4.2A

Appendix 4D

Half yearly report

Name of Entity	AIRCruising AUSTRALIA LIMITED
ACN	25 010 484 938
Financial Period Ended	31 DECEMBER 2010
Previous Corresponding Reporting Period	31 DECEMBER 2009

Results for Announcement to the Market

	\$	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	2,344,841	-8.8%
Profit / (loss) from ordinary activities after tax attributable to members	-473,717	-12.1. 0%
Net profit / (loss) for the period attributable to members	-473,717	-12.1. 0%
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous corresponding period	Nil	Nil
Record date for determining entitlements to the dividends (if any)	N/A	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
Please refer to directors report on page 5.		

The half-yearly report is to be read in conjunction with the most recent annual financial report.

Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	Nil
Total dividend	Nil
Amount per security of foreign sourced dividend or distribution	Nil
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	(14.52) cents	(10.57) cents

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	Nil
Date control gained	N/A
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	N/A
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	Not Applicable
Date control lost	Not Applicable
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control	Not Applicable
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period	Not Applicable

Details of Associates and Joint Venture Entities


Name of Entity	Percentage Held		Share of Net Profit	
	Current Period	Previous Period	Current Period	Previous Period
Not Applicable				
Aggregate Share of Net Profits				

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	✓
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:			
Not Applicable			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:			
Not Applicable			

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Financial Report

Signed By (Director/Company Secretary)	
Print Name	Jan Musgrave
Date	28 th February 2010

DIRECTORS' REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2009.

Directors

The names of directors who held office during or since the end of the half-year:

J C Musgrave
G J Paynter
T Patterson

Review and results of Operations

The Directors report a loss of \$473,717 for the six months to 31 December 2010 compared to a loss of \$422,452 for the same period last year. Turnover decreased by \$226,598 (-8.8%).

Recent occurrence of natural disasters in Australia and New Zealand have created a delay impact on forward bookings, however the directors still anticipate meeting budget expectations for the touring division for the full year. Bellinger River Tourist Park has completed construction on 4 x 2 Villa's, the operation of these villa's were delayed for use until December, these are now fully operational and being well received by clients.

The Directors are constantly reviewing the situation.

Independence declaration

We have received a declaration from the auditors, BCS Assurance Pty Ltd, of their independence, which is attached as the second page of this directors' report.

The report is signed in accordance with a resolution of the Board of Directors.



Jan Musgrave

Director

Dated: 28th February 2010



Chartered accountants since 2003

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GPO Box 3789 Sydney NSW 2001

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**AUDITOR'S DECLARATION OF INDEPENDENCE
TO THE DIRECTORS OF AIRCRUISING AUSTRALIA LIMITED**

As lead engagement partner for the review of Aircruising Australia Limited for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

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

BCS ASSURANCE PTY LTD
Chartered Accountants

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HANOZE UDACHIA
Director

Sydney, 28 February 2011

BCS Assurance P/L ABN 98 124 334 363

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Standards Act 1994 (NSW)

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AIRCruising Australia Limited and Controlled Entities
Consolidated Statement of Comprehensive Income
For the half year ended 31 December 2010

	Note	Consolidated 31 Dec 2010 \$	31 Dec 2009 \$
Sales revenues		2,344,841	2,561,519
Other revenues	2	2,747	9,920
Revenue from ordinary activities		2,347,588	2,571,439
Expenses excluding borrowing cost	3	(2,726,824)	(2,919,875)
Borrowing costs		(94,481)	(74,016)
Profit/(loss) before income tax expense		(473,717)	(422,452)
Income tax expense		-	-
Profit/(loss) after income tax expense		(473,717)	(422,452)
Other comprehensive income			
Other comprehensive income, net of tax		---	---
Total comprehensive income for the period		(473,717)	(422,452)
Basic earnings per share (cents per share)		-3.95c	-3.52c
Diluted earnings per share (cents per share)		-3.95c	-3.52c

The Statement of Financial Performance is to be read in conjunction with the attached notes and the most recent annual financial report.

AIRCROISING AUSTRALIA LIMITED AND CONTROLLED ENTITIES
Consolidated Statement of Financial Position
As at 31 December 2010

	Note	Consolidated 31 Dec 2010 \$	31 Dec 2009 \$
CURRENT ASSETS			
Cash		29,376	282,358
Receivables		92,923	80,566
Inventory		79,062	89,246
Other		346,188	158,602
TOTAL CURRENT ASSETS		547,549	610,772
NON-CURRENT ASSETS			
Property, plant and equipment		2,880,718	2,611,017
Intangibles assets		1,274,598	1,286,651
TOTAL NON-CURRENT ASSETS		4,155,316	3,897,668
TOTAL ASSETS		4,702,865	4,508,440
CURRENT LIABILITIES			
Payables		409,906	442,351
Advance Deposits		1,219,839	1,099,728
Provisions		60,383	61,597
Interest bearing liabilities		3,342,381	2,644,775
Current Tax Liabilities			-
TOTAL CURRENT LIABILITIES		5,032,509	4,248,451
NON-CURRENT LIABILITIES			
Interest bearing liabilities		6,354	111,567
Provisions		32,280	30,203
Deferred Tax Liability		99,514	99,514
TOTAL NON-CURRENT LIABILITIES		138,148	241,284
TOTAL LIABILITIES		5,170,657	4,489,735
NET ASSETS		(467,792)	18,705
EQUITY			
Contributed equity		4,800,000	4,800,000
Retained profits		(5,267,792)	(4,781,295)
TOTAL EQUITY		(467,792)	18,705

The Statement of Financial Position is to be read in conjunction with the attached notes and the most recent annual financial report.

AIRCruising Australia Limited and Controlled Entities
Consolidated Statement of Changes in Equity.

For the Half Year Ended 31st December 2010

	Ordinary Shares	Retained Earnings \$	Total \$
Balance at 31st December 2010	4,800,000	(4,794,075)	5,925
Profit/(Loss) attributed to members of entity	-	(473,717)	(473,717)
Total equity at the end of the half year	4,800,000	(5,267,792)	(467,792)
Balance at 1 July 2010	4,800,000	(4,358,843)	441,157
Profit/(Loss) attributed to members of entity	-	(435,232)	(435,232)
Total equity at the end of the half year	4,800,000	(4,794,075)	5,925

AIRCROISING AUSTRALIA LIMITED AND CONTROLLED ENTITIES
Statement of Cash Flows
For the half year ended 31 December 2010

	Consolidated	
	31 December	31 December
	2010	2009
Note	\$	\$
Cash flows from operating activities		
Receipts from customers	2,403,616	2,905,678
Payments to suppliers and employees	(2,900,121)	(3,767,988)
Interest received	5,374	6,145
Interest and other costs of finance paid	(88,208)	(74,016)
Net operating cash flows	(579,339)	(930,181)
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(138,854)	(185,011)
Net investing cash flows	(138,854)	(185,011)
Cash flows from financing activities		
Proceeds from borrowings	709,648	270,000
Finance lease principal repayments	(523,349)	(43,907)
Net financing cash flows	186,299	226,093
Net increase (decrease) in cash	(531,894)	(889,099)
Cash at beginning of period	39,659	396,847
Cash at end of period	(492,235)	(492,252)

The Statement of Cash Flows to be read in conjunction with the attached notes and the most recent annual financial report.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS**

NOTE 1. Basis of preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The consolidated interim financial report does not include all the information required for a full annual financial report and it is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Aircruising Australia Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The principal accounting policies adopted in the preparation of the financial report are set out below.

Going Concern

The financial statements have been prepared on a going concern basis. The consolidated entity has net current liabilities of \$4,484,960 at 31 December 2010. The net current liability situation initially arose mainly due to the purchase of fixed assets in the year ended 30 June 2003 of \$1,017,014 funded from cash resources. In December 2007, Repton Riverside Tourist Park was purchased for \$2,315,765 with funding from cash reserves of \$832,665 and \$1,483,100 in short term bank bills. Short term bank bills is considered to be the most efficient form of borrowing to take advantage of the fluctuating cash flow of the holding company to contain interest expense. The consolidated entity earned an operating loss from ordinary activities of \$473,717 for the six months ended 31st December 2010, compared with a loss of \$422,452 after provision for tax in the previous corresponding period. In addition, as noted in the Directors' Report, current trends indicate that the prospects for the future are good.

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 continued profitable trading or from the continued support of the major shareholders and banks. If the entity 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.

	Consolidated	
	31 Dec 2010	31 Dec 2009
	\$	\$
NOTE 2: REVENUE		
Other revenues	2,747	9,920
NOTE 3: EXPENSES		
Expenses excluding borrowing costs is comprised as follows:		
Tour costs and operating expenses	1,921,125	2,057,107
Marketing and selling expenses	510,408	570,725
Administrative expenses	295,291	292,043
Total expenses excluding borrowing cost	2,726,824	2,919,875

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS**

Consolidated	
31 Dec 2010	31 Dec 2009
\$	\$

NOTE 4: DIVIDENDS PAID

No dividends have been paid during the period, and the directors have not recommended the payment of a final dividend in respect of the interim period.

NOTE 5: SEGMENT INFORMATION

Aircruising Australia Limited operates wholly within one geographic region – Australia. The principal activity is the operation of specialist interest tour programmes and air cruises within and from Australia.

DIRECTORS' DECLARATION

The directors of Aircruising Australia Limited declare that:

- 1.The financial statements and notes, as set out on pages 7 to 12:
 - (a) comply with accounting standards and are in accordance with the Corporations Act 2001,
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date,
- 2.In the directors' opinion there are reasonable grounds to believe the company will be able to pay its debts when they become due and payable.
- 3.They have been given the declaration required by section 295A of the Act.

Signed in accordance with a resolution of directors made pursuant to S303(5) of the Corporations Act 2001..



.....
Director

Dated this 28th day of February 2010



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

Report on the half-year financial report

We have reviewed the accompanying half-year consolidated financial report of Aircruising Australia Limited, which comprises the condensed statement of financial position as at 31 December 2010, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes to the financial statements, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 half year financial report that is free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the company's year ended 31 December 2010 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Aircruising Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of the company on [date], would be in the same terms if provided to the directors as at the date of this auditor's review report.

BCS Assurance P/L ABN 98 124 334 363

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AIRCRUISING AUSTRALIA LIMITED (Cont'd)

Qualification

As discussed in Note 12 of the financial statements for the year ended 30 June 2010, the company obtained an independent valuation for the Bellinger River Tourist Park which was about \$661,000 below the carrying value of the asset. The carrying value includes goodwill of \$1,184,146 as at 30 June 2010 and 31 December 2010. The directors decided not to recognise an impairment charge against goodwill at 30 June 2010 and 31 December 2010. The impairment charge for the year ended 30 June 2010 should be \$661,000. Accordingly, the intangible assets as at 31 December 2010 should be reduced by an impairment charge of \$661,000 and the accumulated losses as at the same date should be increased by \$661,000.

Conclusion

Based on our review, which is not an audit, except for the effect on the financial statements of the matter referred to in the preceding paragraph, we have not become aware of any matter that makes us believe that the half-year consolidated financial report of Aircruising Australia Limited is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

Going Concern

Without further qualification to the opinion expressed above, we draw attention to the disclosures made in Note 1 to the interim financial statements for the half-year ended 31 December 2010 concerning the preparation of the financial statements on a going concern basis. 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.

BCS ASSURANCE PTY LTD
Chartered Accountants

HANOZE UDACHIA
Director

Sydney, 28 February 2011

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