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# **Indoor Skydive Australia Group Ltd and Controlled Entities**

ABN 39 154 103 607

Consolidated Interim Financial Report  
For the half-year ended 31 December 2012

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## Indoor Skydive Australia Group Ltd and Controlled Entities

ABN 39 154 103 607

### DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2012.

#### Directors

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

Kenneth James GILLESPIE	Chairman	Appointed 18 October 2012
Wayne Peter JONES	Managing Director	
Daniel Christopher HOGAN	Director & Chief Operating Officer	
John Flower DIDDAMS	Non-Executive Director	Appointed 27 July 2012
Stephen BAXTER	Non-Executive Director	Appointed 13 August 2012
Malcolm John THOMPSON	Alternate Director	Appointed 13 February 2013

#### Company Secretary

John Flower DIDDAMS	B Com, FCPA, FAICD	Appointed 21 June 2012
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#### Review of Operations

##### *Indoor Skydiving*

The Company was formed to construct and commercialise the first of its kind, vertical wind tunnel (VWT) in Australia, with construction due to commence in February 2013 and be completed and operational within twelve months.

The Company and consolidated group incurred an operating loss of \$396,710 for the period (2011: nil) substantially as result of activity leading to an Initial Public Offering (IPO). Cash at bank on balance date was \$152,004 (2011: nil).

#### Events Subsequent to Balance Date

Subsequent to balance date, the Company completed the IPO in accordance with a Prospectus dated 1st November 2012 and three supplementary prospectuses dated 5<sup>th</sup>, 10<sup>th</sup> and 12<sup>th</sup> December 2012 (the Prospectus), which raised \$6.089 million of new capital for the issue of 30,445,000 ordinary fully paid shares of 20 cents each.

This, together with a Convertible Note Facility of up to \$5.911 million between the Company and Birkdale Holdings (Qld) Pty Ltd as trustee for the Baxter Family Trust ("Birkdale") has provided the Company with the full amount of \$12 million in funding required to construct and commercialise the first of its kind, vertical wind tunnel in Australia. Birkdale is a company associated with Steve Baxter, a Director of ISA Group.

On 18 January 2013, 36,920,000 ordinary fully paid shares of 20 cents each in the Company listed on the Australian Securities Exchange. A further 21,858,333 ordinary fully paid shares are on issue, but remain unlisted and under restriction agreements for periods between six months and two years.

Total issued capital at the date of this report is 54,778,333 ordinary fully paid shares.

There are no share options on issue.

The following additional events occurred subsequent to balance date, following the IPO and ASX listing with regard to material contracts that were set out in the Prospectus:

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**DIRECTORS' REPORT**

- \$1.357 (US\$1.425) million was paid to Sky Ventures, Inc. under the contract for supply of a vertical wind tunnel,
- The Lessor, Penrith Rugby League Club Limited, granted an Occupancy Certificate to enable construction to commence on the site,
- A payment of \$43,848 was made to Raybal Constructions Pty Limited as an advance in relation to construction services, and
- The site at Penrith has been fenced to enable earth works and construction to commence.

Other than as set out above, no other significant events have occurred subsequent to balance date.

**Auditor's Independence Declaration**

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 5 for the half-year ended 31 December 2012.

This directors' report is signed in accordance with a resolution of the Board of Directors.



Director: Wayne Peter Jones

Dated this 26<sup>th</sup> day of February 2012

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Indoor Skydive Australia Group Limited for the half year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

*RSM Bird Cameron Partners*

**RSM BIRD CAMERON PARTNERS**

 GNS

**G N SHERWOOD**  
Partner

Sydney, NSW  
Dated: 26 February 2013

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	<b>Consolidated Group</b>	
	<b>31 December 2012</b>	<b>31 December 2011</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Interest income	4,022	-
Accounting and audit fees	(42,759)	-
Legal fees	(105,240)	-
Consulting fees	(98,572)	-
Share registry expenses	(9,170)	-
Advertising and marketing expense	(31,659)	-
Travel	(21,249)	-
Employee expenses	(21,332)	-
Directors fees	(10,245)	-
Loss on foreign exchange option revaluation	(40,508)	-
Other expenses	(19,998)	-
<b>Loss before income tax</b>	<b>(396,710)</b>	<b>-</b>
Income tax expense	-	-
<b>Loss for the period</b>	<b>(396,710)</b>	<b>-</b>
Other comprehensive income for the period, net of tax	-	-
<b>Total comprehensive loss for the period</b>	<b>(396,710)</b>	<b>-</b>
Net loss attributable to:		
- members of the parent entity	(396,710)	-
	<b>(396,710)</b>	<b>-</b>
<b>Earnings per share</b>		
From continuing operations:		
- basic earnings per share (cents)	(1.60)	-
- diluted earnings per share (cents)	(1.60)	-

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	<b>Consolidated Group</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2012</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	152,004	-
Trade and other receivables	39,647	15,134
Prepayments and deposits	1,848,630	-
Other current assets	-	216,000
<b>TOTAL CURRENT ASSETS</b>	<u>2,040,281</u>	<u>231,134</u>
NON-CURRENT ASSETS		
Property, plant and equipment	158,382	87,439
<b>TOTAL NON-CURRENT ASSETS</b>	<u>158,382</u>	<u>87,439</u>
<b>TOTAL ASSETS</b>	<u><u>2,198,663</u></u>	<u><u>318,573</u></u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Trade and other payables	1,468,989	24,689
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,468,989</u>	<u>24,689</u>
<b>TOTAL LIABILITIES</b>	<u>1,468,989</u>	<u>24,689</u>
<b>NET ASSETS</b>	<u><u>729,674</u></u>	<u><u>293,884</u></u>
<b>EQUITY</b>		
Issued capital	1,332,500	500,000
Accumulated losses	(602,826)	(206,116)
<b>TOTAL EQUITY</b>	<u><u>729,674</u></u>	<u><u>293,884</u></u>

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED  
31 DECEMBER 2012

Consolidated Group	Issued capital \$	Accumulated losses \$	Total \$
<b>Balance at 4 November 2011</b>	-	-	-
<b>Comprehensive income</b>			
Profit for the period	-	-	-
Other comprehensive income for the period	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-
<b>Balance at 31 December 2011</b>	-	-	-
<b>Balance at 1 July 2012</b>	500,000	(206,116)	293,884
<b>Comprehensive income</b>			
Loss for the period	-	(396,710)	(396,710)
Other comprehensive income for the period	-	-	-
<b>Total comprehensive loss for the period</b>	-	(396,710)	(396,710)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>			
Shares issued during the period	832,500	-	832,500
<b>Total transactions with owners and other transfers</b>	832,500	-	832,500
<b>Balance at 31 December 2012</b>	1,332,500	(602,826)	729,674

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED  
31 DECEMBER 2012

	<b>Consolidated Group</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(576,075)	-
Interest received	4,022	-
Income tax paid	-	-
Net cash used in operating activities	<u>(572,053)</u>	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of non-current assets	(70,943)	-
Net cash used in investing activities	<u>(70,943)</u>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	795,000	-
Net cash provided by financing activities	<u>795,000</u>	-
Net increase in cash held	152,004	-
Cash and cash equivalents at beginning of period	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>152,004</u></u>	<u><u>-</u></u>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2012 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Indoor Skydive Australia Group Ltd and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2012, together with any public announcements made during the following half-year.

#### Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

#### Critical Accounting Estimates and Judgements

The critical estimates and judgements are consistent with those applied and disclosed in the June 2012 annual report.

#### New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

For the half-year reporting period to 31 December 2012, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the Group. A discussion of these new and revised requirements that are relevant to the Group is provided below:

Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the consolidated entity's accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in changes to the consolidated entity's presentation of, or disclosure in, its half-year financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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

**New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period (continued)**

AASB 2011-9 introduces new terminology for the statement of comprehensive income. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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## Indoor Skydive Australia Group Ltd and Controlled Entities

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

#### NOTE 2: SEGMENT INFORMATION

The consolidated group operates in Australia. The consolidated group has one business segment, indoor skydiving facility, and all of the consolidated group's resources are employed for this purpose.

#### NOTE 3: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting period.

#### NOTE 4: EVENTS AFTER THE END OF THE INTERIM PERIOD

Subsequent to balance date, the Company completed an Initial Public Offering (IPO) in accordance with a Prospectus dated 1st November 2012 and three supplementary prospectuses dated 5th, 10th and 12th December 2012 (the Prospectus), which raised \$6.089 million of new capital for the issue of 30,445,000 ordinary fully paid shares of 20 cents each.

This, together with a Convertible Note Facility of up to \$5.911 million between the Company and Birkdale Holdings (Qld) Pty Ltd as trustee for the Baxter Family Trust ("Birkdale") to provide the Company with the full amount of \$12 million in funding required to construct and commercialise the first of its kind, vertical wind tunnel in Australia. Birkdale is a company associated with Steve Baxter, a Director of ISA Group.

On 18 January 2013, 36,920,000 ordinary fully paid shares of 20 cents each in the Company listed on the Australian Securities Exchange. A further 21,858,333 ordinary fully paid shares are on issue, but remain unlisted and under restriction agreements for periods between six months and two years.

Total issued capital at the date of this report is 54,778,333 ordinary fully paid shares.

There are no share options on issue.

The following additional events occurred subsequent to balance date, following the IPO and ASX listing with regard to material contracts that were set out in the Prospectus:

- \$1.357 (US\$1.425) million was paid to Sky Ventures, Inc. under the contract for supply of a vertical wind tunnel,
- The Lessor, Penrith Rugby League Club Limited, granted an Occupancy Certificate to enable construction to commence on the site,
- A payment of \$43,848 was made to Rabal as an advance in relation to construction services, and
- The site at Penrith has been fenced to enable earth works and construction to commence.

Other than as set out above, no other significant events have occurred subsequent to balance date.

#### NOTE 5: COMMITMENTS AND CONTINGENCIES

The Consolidated Group has financial commitments and contingencies summarised as follows:

- Balance of purchase consideration for Sky Ventures VWT for \$1.614 (US\$1.65) million payable on "acceptance" of the VWT equipment,
- A royalty obligation to Sky Ventures under the contract, which can be extinguished at any time with a single lump sum payment, the details of which are commercial in confidence.
- Estimated cost of duty, delivery, installation, consultants and other sundry items relating to the VWT for \$1.243 million, and
- Construction of VWT building and related infrastructure for \$5.548 million.

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Indoor Skydive Australia Group Ltd and Controlled Entities

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DIRECTORS' DECLARATION

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

1. The financial statements and notes, as set out on pages 6 to 12 are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date.
  
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Director      Wayne Peter Jones

Dated this 26<sup>th</sup> day of February 2012

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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Indoor Skydive Australia Group Limited which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Indoor Skydive Australia Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Indoor Skydive Australia Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

*Conclusion*

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

- (a) giving a true and fair view of the company's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*RSM Bird Cameron Partners*

**RSM BIRD CAMERON PARTNERS**



**G N Sherwood**  
Partner

Sydney, NSW  
Dated: 26 February 2013