

## Appendix 4D

### Indoor Skydive Australia Group Limited Half Year Report Period Ended 31 December 2013

#### Results for announcement to the market

##### Details of Reporting Periods

Current:	1 July 2013 to 31 December 2013
Comparative:	1 July 2012 to 31 December 2012

Financial Results	Half year to 31 Dec 2012 \$	Half year to 31 Dec 2013 \$	Change
<b>Total revenue</b> ("revenue from ordinary activities")	4,022	81,969	2,038%
<b>Net operating loss</b> ("loss from ordinary activities after tax attributable to members")	(396,710)	(1,165,014)	294%
<b>Total comprehensive loss for the period</b> ("net profit for the period attributable to members")	(396,710)	(1,165,014)	294%

##### Commentary on results

Please refer to the attached Interim Financial Report and Financial Statements.

Dividends	Half year to 31 Dec 2012	Half year to 31 Dec 2013
Interim Dividend	n/a	n/a
Record date for determining entitlement to dividend	n/a	n/a
No dividends have been paid or declared during the period.		

	As at 31 Dec 2012	As at 31 Dec 2013
<b>Net tangible assets per share</b>	\$0.03	\$0.17

##### Financial Report

The Company's independent auditor, RSM Bird Cameron Partners, has completed a review of the Group's 31 December 2013 Interim Financial Report on which this report is based and has provided an unqualified Review Report. A copy of the Group's Interim Financial Report and Financial Statements, inclusive of the Review Report is attached.

**Indoor Skydive Australia Group Limited  
and Controlled Entities**

ABN 39 154 103 607

Interim Financial Report

For the half year ended 31 December 2013

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Indoor Skydive Australia Group Ltd and Controlled Entities

ABN 39 154 103 607

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# Indoor Skydive Australia Group Ltd and Controlled Entities

ABN 39 154 103 607

## DIRECTORS' REPORT

Your directors submit the interim financial report of the consolidated group consisting of Indoor Skydive Australia Group Limited ("the Company") and its controlled entities (the "Group") during the half-year ended 31 December 2013.

### Directors

The following persons were directors who held office during the half-year and up to the date of this report, unless otherwise stated:

*Stephen BAXTER*

*John Flower DIDDAMS*

*Kenneth James GILLESPIE, AC*

*Daniel Christopher HOGAN, MG*

*Wayne Peter JONES*

*David Victor MURRAY, AO (appointed 3 February 2014)*

### Alternative Director

*Malcolm John THOMPSON*

### Company Secretary

*Fiona Louise YIEND*

### Review of Operations

The principal activity of the Company during the half-year was the construction of an indoor skydiving facility in Penrith, Sydney. The Penrith facility is expected to be operational late in Quarter 1, 2014. The ongoing focus of the Company is to build and operate indoor skydiving facilities across Australia and New Zealand. These facilities allow human flight within a safe environment and are currently used by tourists, enthusiasts and military throughout the world.

The consolidated Group incurred an operating loss of \$1,165,014 (2012: \$396,710) for the half-year ended 31 December 2013. During the period, additional overheads were incurred due to the commencement of the Company's growth strategy, resulting in a strengthening of the management and construction teams. The company remains in the construction phase of the project and is therefore not generating any trading revenue. The cost of construction on the Penrith facility to balance date is \$7,302,513 (2013: \$2,830,917).

Gift vouchers for use at the Penrith Facility went on sale from the Company and its exclusive third party online promoter prior to Christmas. The combined sales from the early bird offer, the third party online promoter and the Company exceeded \$0.8m worth of tunnel time. The interim financial report includes \$0.6 million in deferred revenue representing proceeds received from the early bird offer and sales by the Company of vouchers. The Report does not include sales from vouchers sold through our third party online promoter.

### Events Subsequent to Balance Date

On 9 January 2014, the Company issued 2,500,000 shares to iFly Australia Pty Ltd pursuant to the Joint Territory Development Agreement ("JTDA") entered on 20 December 2013 (ASX Announcement 21 December 2013). The agreement will become effective once the 5% down payment is paid to the manufacturer for the supply of four

Indoor Skydive Australia Group Ltd and Controlled Entities

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**DIRECTORS' REPORT**

vertical wind tunnels ("VWT"). The closing price of the shares on 9 January 2014 was \$0.60.

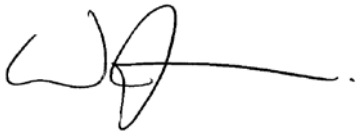
Other than as set out above, no other significant events have occurred subsequent to the balance date.

**Auditor's Independence Declaration**

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 6 of the interim financial report.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'W. Jones', with a long horizontal line extending to the right.

**Wayne Peter Jones**

Director & Chief Executive Officer

Dated: 26 February 2014

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**RSM Bird Cameron Partners**  
Level 12, 60 Castlereagh Street Sydney NSW 2000  
GPO Box 5138 Sydney NSW 2001  
T +61 2 8226 4500 F +61 2 8226 4501

### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Indoor Skydive Australia Group Limited for the half year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

*RSM Bird Cameron Partners*

**RSM BIRD CAMERON PARTNERS**

*G N Sherwood*  
*GNS*

**G N Sherwood**  
Partner

Sydney, NSW  
Dated: 26 February 2014

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Indoor Skydive Australia Group Ltd and Controlled Entities

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Consolidated Group	
	Half year ended 31 December 2013 \$	Half year ended 31 December 2012 \$
<b>Revenue</b>		
Interest income	62,065	4,022
Foreign exchange fair value gain	19,904	-
<b>Total revenue</b>	81,969	4,022
<b>Expenses</b>		
Accounting and audit fees	27,100	42,759
Legal fees	41,189	105,240
Consulting fees	132,345	98,572
Share registry expenses	50,157	9,170
Advertising and marketing expense	72,061	31,659
Travel and entertainment expense	44,071	21,249
Share based payments	27,477	-
Employee expenses	482,774	21,332
Insurance	50,707	2,009
Directors fees	77,500	10,245
Finance costs	147,612	-
Foreign exchange fair value loss	-	40,508
Occupancy expenses	31,008	-
Other expenses	62,982	17,989
<b>Total expenses</b>	1,246,983	400,732
Income tax expense	-	-
<b>Loss for the period</b>	(1,165,014)	(396,710)
Other comprehensive income for the period, net of tax	-	-
<b>Total comprehensive loss for the period</b>	(1,165,014)	(396,710)
<b>Earnings per share</b>		
From continuing operations:		
- basic earnings per share (cents)	(1.66)	(1.60)
- diluted earnings per share (cents)	(1.66)	(1.60)

The accompanying notes form part of these financial statements.

Indoor Skydive Australia Group Ltd and Controlled Entities

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Notes	Consolidated Group	
		As at 31 December 2013 \$	As at 30 June 2013 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	2	7,729,522	5,222,501
Trade and other receivables		274,922	120,556
Other financial assets		127,339	-
<b>TOTAL CURRENT ASSETS</b>		<b>8,131,783</b>	<b>5,343,057</b>
NON-CURRENT ASSETS			
Other financial assets		30,000	26,700
Property, plant and equipment	3	9,446,803	4,975,207
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,476,803</b>	<b>5,001,907</b>
<b>TOTAL ASSETS</b>		<b>17,608,586</b>	<b>10,334,964</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Deferred revenue	4	555,320	-
Trade and other payables		288,777	335,960
Provision for employee benefits		35,774	10,911
<b>TOTAL CURRENT LIABILITIES</b>		<b>879,871</b>	<b>346,871</b>
NON-CURRENT LIABILITIES			
Convertible note	5	-	2,000,000
Provision for site restoration	6	2,171,094	2,144,290
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,171,094</b>	<b>4,144,290</b>
<b>TOTAL LIABILITIES</b>		<b>3,050,965</b>	<b>4,491,161</b>
<b>NET ASSETS</b>		<b>14,557,621</b>	<b>5,853,803</b>
<b>EQUITY</b>			
Issued capital	8	16,843,322	6,974,490
Accumulated losses		(2,285,701)	(1,120,687)
<b>TOTAL EQUITY</b>		<b>14,557,621</b>	<b>5,853,803</b>

The accompanying notes form part of these financial statements.



Indoor Skydive Australia Group Ltd and Controlled Entities

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED  
31 DECEMBER 2013

<b>Consolidated Group</b>	<b>Issued capital</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2012</b>	500,000	(206,116)	293,884
<b>Comprehensive income</b>			
Profit for the period	-	(396,710)	(396,710)
Other comprehensive income for the period	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-
<b>Transactions with owners, in their capacity as owners</b>			
Shares issued during the period	832,500	-	832,500
<b>Total transactions with owners</b>	832,500	-	832,500
<b>Balance at 31 December 2012</b>	1,332,500	(602,826)	729,674
<b>Balance at 1 July 2013</b>	6,974,490	(1,120,687)	5,853,803
<b>Comprehensive income</b>			
Loss for the period	-	(1,165,014)	(1,165,014)
Other comprehensive income for the period	-	-	-
<b>Total comprehensive loss for the period</b>	-	(1,165,014)	(1,165,014)
<b>Transactions with owners, in their capacity as owners</b>			
Shares issued during the period	10,446,408	-	10,446,408
Share issue costs	(577,576)	-	(577,576)
<b>Total transactions with owners</b>	9,868,832	-	9,868,832
<b>Balance at 31 December 2013</b>	16,843,322	(2,285,701)	14,557,621

The accompanying notes form part of these financial statements.

Indoor Skydive Australia Group Ltd and Controlled Entities

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED  
31 DECEMBER 2013

	<b>Consolidated Group</b>	
	<b>Half year ended</b>	<b>Half year ended</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	610,852	-
Payments to suppliers and employees	(569,389)	(576,075)
Interest received	62,474	4,022
Finance costs	(101,793)	-
Net cash outflows from operating activities	2,144	(572,053)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(5,223,720)	(70,943)
Purchase of investments	(96,721)	-
Net cash outflows from investing activities	(5,320,441)	(70,943)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of securities	10,416,183	795,000
Repayment of convertible note facility	(2,000,000)	-
Share issue costs	(590,865)	-
Net cash inflows from financing activities	7,825,318	795,000
Net increase in cash held	2,507,021	152,004
Cash and cash equivalents at beginning of period	5,222,501	-
<b>Cash and cash equivalents at end of period</b>	<b>7,729,522</b>	<b>152,004</b>

The accompanying notes form part of these financial statements.

# Indoor Skydive Australia Group Ltd and Controlled Entities

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2013 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Indoor Skydive Australia Group Ltd and its controlled entities (referred to as the "Group"). This half-year financial report does not include all notes normally included in an annual financial report and it is recommended that it be read in conjunction with the Group's annual report for the year ended 30 June 2013 and with public announcements made by the Company during the half-year ended 31 December 2013 in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX.

#### b) 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.

#### c) New and revised accounting requirements

For the half-year reporting period to 31 December 2013, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the Group.

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

#### d) Critical Accounting Estimates and Judgements

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

There is a degree of judgement required in estimating the residual values and useful lives of the Property, Plant and Equipment. There is also a degree of judgement required in terms of the classification of such Property, Plant and Equipment. The ISAG Group's main assets comprise the Vertical Wind Tunnel Equipment and its related Building Infrastructure. The construction of these assets are foreseen in the Agreement to Sub Lease with the Group's landlord, however the Board has exercised their judgement in determining that the nature of these assets are that of buildings and equipment, rather than leasehold improvements. To this extent, in determining the useful life of the property plant and equipment the directors considered the 4 x consecutive 5 year sub leases over the land that the VWT buildings and equipment are to be constructed on. The Board has estimated the useful life of the VWT Equipment, and its related Building Infrastructure to be 20 years. The Agreement to Sub Lease provides that the Group must remove all building works on expiry of the lease. The directors have considered the residual value of the buildings and equipment once removed and determined a residual value of zero is appropriate under the circumstances. The VWT buildings and equipment will be depreciated over 20 years once completed.

##### ii. Provision for site restoration of VWT equipment and building infrastructure

Provisions for site restoration obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

# Indoor Skydive Australia Group Ltd and Controlled Entities

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### d) Critical Accounting Estimates and Judgements (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As stated above, the lease agreement provides that the Group must remove all building works on expiry of the lease. To this extent, an estimate of the cost to remove the VWT and its related Building Infrastructure has been provided for amounting to \$2,144,290 and capitalised into the cost of the building infrastructure in the accounting records. The estimate to remove the equipment was based on current costs using existing technology at current prices. These costs were projected forward at a 2.5% inflationary escalation and then discounted back at 2.5% after consideration of the risks associated with the project and will be depreciated over 20 years. The unwinding of the effect of discounting on the site restoration provision is included within finance costs in the statement of comprehensive income.

#### iii. Deferred tax

The company is in the construction phase of its development, and consequently, it is not generating revenue. There is a degree of uncertainty surrounding the ability of the company to generate sufficient taxable income to utilise the tax losses after taking the capital allowances into consideration. The directors therefore consider it prudent to only account for any deferred tax on the assessed loss to the extent of any deferred tax liabilities, and consequently, no deferred tax is disclosed in the financial statements.

Indoor Skydive Australia Group Ltd and Controlled Entities

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

**NOTE 2: CASH AND CASH EQUIVALENTS**

	As at 31 December 2013 \$	As at 30 June 2013 \$
Cash at bank and on hand	656,424	320,611
Short-term bank deposits	6,379,519	4,891,890
Term deposits	693,579	10,000
	<u>7,729,522</u>	<u>5,222,501</u>

Included in Cash and Cash Equivalents is US\$234,617 the majority of which was purchased in March 2013. The currency has been converted at the spot rate of 1.127 at balance date.

**NOTE 3: PROPERTY, PLANT AND EQUIPMENT**

	As at 31 December 2013 \$	As at 30 June 2013 \$
Vertical Wind Tunnel Equipment and Building Infrastructure at cost	7,302,513	2,830,917
Provision for Site Restoration of the Vertical Wind Tunnel Equipment and Building Infrastructure	2,144,290	2,144,290
	<u>9,446,803</u>	<u>4,975,207</u>

**NOTE 4: DEFERRED REVENUE**

	As at 31 December 2013 \$	As at 30 June 2013 \$
Deferred revenue	555,320	-
	<u>555,320</u>	<u>-</u>

Deferred revenue represents prepaid sales in respect of tunnel time purchased in advance. The prepaid sales will be classified as revenue at the time the services are rendered.

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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 2013

### NOTE 5: CONVERTIBLE NOTE

	As at 31 December 2013 \$	As at 30 June 2013 \$
Convertible note	-	2,000,000
	-	2,000,000
	-	2,000,000

The Company entered into a Convertible Note Finance Facility ("Facility") with Birkdale Holdings (Qld) Pty Ltd as trustee for the Baxter Family Trust ("Birkdale") by the execution of a Convertible Note Deed on 10 December 2012. Birkdale is a company associated with Steve Baxter, a Director of the Company. Pursuant to the Facility, Birkdale will provide funding up to \$5,911,000 with 30 days' notice. Birkdale acquired a Convertible Note ("Note") on entering into the facility which provides that any outstanding drawn balance converts into the Group's shares with an issue price calculated on the lower of \$0.20 or 10% discount to the 30 day VWAP. The Note can only be converted in the period 18-24 months from the date of the Note Deed. Interest is payable quarterly at 10% pa on the drawn amount of the Facility and a 2% line fee is payable on the undrawn portion. The Company maintains the right to draw down and repay the Facility before conversion. During the period, the Company repaid all outstanding amounts. The undrawn facility is therefore \$5,911,000 as at the reporting date.

### NOTE 6: PROVISION FOR SITE RESTORATION

	As at 31 December 2013 \$	As at 30 June 2013 \$
Provision for Site Restoration of the Vertical Wind Tunnel Equipment and Building Infrastructure	2,144,290	2,144,290
Time value of money finance cost	26,804	-
	2,171,094	2,144,290
	2,171,094	2,144,290

### NOTE 7: SEGMENT INFORMATION

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

At present, all of the consolidated group's resources are employed for this purpose.

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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 2013**

**NOTE 8: ISSUED CAPITAL**

	<b>As at 31 December 2013 \$</b>	<b>As at 30 June 2013 \$</b>
84,638,166 (30 June 2013: 58,810,833) fully paid ordinary shares	17,879,933	7,433,525
Share issue costs	(1,036,611)	(459,035)
	<hr/>	<hr/>
	16,843,322	6,974,490
	<hr/>	<hr/>
	<b>31 December 2013 No.</b>	<b>30 June 2013 No.</b>
Ordinary Shares		
At the beginning of the reporting period	58,810,833	14,000,000
Shares issued during the period	25,827,333	44,810,833
	<hr/>	<hr/>
	84,638,166	58,810,833
	<hr/>	<hr/>

**NOTE 9: DIVIDENDS**

No dividends have been paid or declared during the period.

**NOTE 10: CONTINGENT LIABILITIES**

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

**NOTE 11: EVENTS AFTER THE END OF THE INTERIM PERIOD**

On 9 January 2014, the Company issued 2,500,000 shares to iFly Australia Pty Ltd pursuant to the Joint Territory Development Agreement ("JTDA") entered on 20 December 2013 (ASX Announcement 21 December 2013). The agreement will become effective once the 5% down payment is paid to the manufacturer for the supply of four vertical wind tunnels ("VWT"). The closing price of the shares on 9 January 2014 was \$0.60.

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

**NOTE 12: COMMITMENTS AND CONTINGENCIES**

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

- A royalty obligation to SkyVenture under each contract for a VWT. In the case of the Penrith facility the royalty obligation can be extinguished at any time with a single lump sum payment, the details of which are commercial in confidence.

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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 2013

#### NOTE 13: INTEREST IN SUBSIDIARIES

Set out below are the Group's subsidiaries at 31 December 2013. The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal country of business.

<b>Subsidiaries</b>	<b>Country of Incorporation</b>	<b>2013</b>	<b>2012</b>
Indoor Skydiving Penrith Holdings Pty Ltd	Australia	100%	100%
Indoor Skydiving Penrith Pty Ltd	Australia	100%	100%
up R.A.W. Pty Ltd	Australia	100%	-

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

**ABN 39 154 103 607**

**DIRECTORS' DECLARATION**

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

1. The financial statements and notes, as set out on pages 6 to 15 are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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.



**Wayne Peter Jones**

Director & Chief Executive Officer

Dated: 26 February 2014

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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 2013, the statement of profit or loss and other 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 of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2013 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 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 consolidated entity's financial position as at 31 December 2013 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 2014