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

ABN 39 154 103 607

Interim Financial Report
For the half year ended 31 December 2020

Appendix 4D

Indoor Skydive Australia Group Limited Half Year Report Period ended 31 December 2020

Results for Announcement to the Market

Details of Reporting Periods

Current:	1 July 2020 to 31 December 2020
Comparative:	1 July 2019 to 31 December 2019

Financial Results	Half year to 31/12/20 \$	Half year to 31/12/19 \$	Change %	Change \$
Total revenue ("revenue from ordinary activities")	3,500,137	3,397,569	3%	102,568
Net operating loss ("loss from ordinary activities after tax attributable to members")	(625,576)	(3,375,943)	81%	2,750,367
Total comprehensive loss for the period ("net loss for the period attributable to members")	(625,576)	(3,375,943)	81%	2,750,367

Commentary on results

Please refer to the attached Interim Financial Report and Financial Statements for further explanation of the results.

Dividends	Half year to 31/12/20	Half year to 31/12/19
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. There are no dividend reinvestment plans.		

	Half year to 31/12/20	Half year to 31/12/19
Net tangible assets per share	\$0.03	\$0.04

Financial Report

The Company's independent auditor Felsers, Chartered Accountants, has completed a review of the Group's 31 December 2020 Interim Financial Report on which this report is based and has provided an unqualified Review Report. A copy of the Indoor Skydive Australia Group Limited Interim Financial Report and Financial Statements, inclusive of the Review Report is attached.

Contents

Contents	3
DIRECTORS' REPORT	4
AUDITOR'S INDEPENDENCE DECLARATION	6
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ...	7
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8
NOTES TO THE FINANCIAL STATEMENTS	12
DIRECTORS' DECLARATION	18
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF INDOOR SKYDIVE AUSTRALIA GROUP LIMITED	19

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DIRECTORS' REPORT

Your directors submit the interim financial report of the consolidated group consisting of Indoor Skydive Australia Group Limited (**the Company** or **ISA Group**) and its controlled entities (**the Group**) during the half-year ended 31 December 2020.

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

Danny HOGAN, MG

Wayne JONES

Company Secretary

Stephen TOFLER

Review of Operations

The principal activities of ISA Group are to own and operate experiential, training, and simulation solutions across the region, targeting a wide market that includes, tourists, thrill seekers, industry, and the military. It operates two Indoor skydiving facilities in Australia; iFLY Downunder (Penrith NSW) and iFLY Gold Coast and has a joint venture with shopping centre owner, 1 Utama, in Kuala Lumpur, Malaysia.

Throughout the period, ISA Group expanded its wholly owned virtual reality business, FREAK Entertainment. The latest store, FREAK Bondi, opened on the 13th November within Westfield Bondi Junction. Future sites are under development within the greater Sydney region.

For the half-year ended 31 December 2020 (first period under AASB 16), ISA Group reported Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) profit of \$867,532 (2019: loss of \$1,651,445) and a net loss after tax of \$625,576 (2019: loss of \$3,375,943). This EBITDA calculation includes non-cash expenses of \$283,330 associated with the four-year royalty holiday arising from the Perth sale.

EBITDA is not an accepted classification under the accounting standards, however, the Directors consider it a useful measure when considering the performance of operations.

The following table summarises key reconciling items between statutory profit after tax attributable to the shareholders of the consolidated entity and EBITDA.

	December 2020 \$	December 2019 \$
EBITDA	867,532	(1,651,455)
Less: Depreciation and amortisation	(888,054)	(742,344)
Less: Finance cost	<u>(605,054)</u>	<u>(513,646)</u>
Loss before income tax benefit	(625,576)	(2,907,445)
Income tax expense	<u>-</u>	<u>(468,498)</u>
Loss after income tax	<u><u>(625,576)</u></u>	<u><u>(3,375,943)</u></u>

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



Steve Baxter

Chairman

Dated: 25 February 2021



Wayne Peter Jones

Director & Chief Executive Officer

Dated: 25 February 2021

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AUDITOR'S INDEPENDENCE DECLARATION

**Auditor's Independence Declaration
To the Directors of Indoor Skydive Australia Group Limited**

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Indoor Skydive Australia Group Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, 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.



FELSERS
Chartered Accountants



Vindran Vengadasalam
Partner

25 February 2021

Sydney, Australia

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half Year Ended 31 December 2020

	Note	Consolidated Group	
		Half Year ending 31 Dec 20	Half Year ending 31 Dec 19
		\$	\$
Revenues	2(a)	3,500,137	3,397,569
Cost of Sales		(830,306)	(889,155)
Gross Profit		<u>2,669,831</u>	<u>2,508,414</u>
Other income	2(a)	465,500	8,915
Selling and marketing expenses	2(b)	(1,525,021)	(1,416,379)
Administration expenses	2(b)	(1,247,732)	(2,506,789)
Other expenses		(383,100)	(364,513)
Loss Before Interest and Tax		<u>(20,522)</u>	<u>(1,320,352)</u>
Finance expense	2(c)	(605,054)	(513,646)
Net financing costs		(605,054)	(513,646)
Share of loss of a joint venture entity		-	(152,628)
Loss before tax from continuing operations		<u>(625,576)</u>	<u>(1,986,626)</u>
Loss from discontinuing operations		-	(920,819)
Loss before tax from discontinuing operations		<u>-</u>	<u>(920,819)</u>
Total loss from operations		(625,576)	(2,907,445)
Income tax benefit		-	(468,498)
Loss After Tax		<u>(625,576)</u>	<u>(3,375,943)</u>
Earnings per share			
- Basic earnings per share (cents)		(0.19)	(1.01)
- Diluted earnings per share (cents)		(0.18)	(1.01)

The Consolidated Statement of Profit or Loss should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	Consolidated Group	
		As at 31 Dec 2020	As at 30 Jun 2020
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		820,246	234,150
Trade and other receivables		619,535	472,542
Inventories		16,469	13,200
Other financial asset		581,984	611,808
TOTAL CURRENT ASSETS		2,038,234	1,331,700
NON-CURRENT ASSETS			
Property, plant and equipment	13	24,329,247	24,667,346
Right-of-use asset	9	9,835,540	9,698,767
Investment in a joint venture entity		-	-
Deferred tax asset		-	-
Other financial asset		1,023,250	1,258,368
TOTAL NON-CURRENT ASSETS		35,188,037	35,624,481
TOTAL ASSETS		37,226,271	36,956,181
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	3	4,629,291	3,432,258
Lease liability	9	250,093	59,743
Deferred revenue	4	992,140	860,458
Borrowings	5	1,433,656	1,129,500
Provisions		177,783	136,693
TOTAL CURRENT LIABILITIES		7,482,963	5,618,652
NON-CURRENT LIABILITIES			
Trade and other payables	3	-	801,508
Lease liability	9	9,992,473	9,914,040
Borrowings	5	9,069,457	9,320,457
Provisions		113,410	107,980
TOTAL NON-CURRENT LIABILITIES		19,175,340	20,143,985
TOTAL LIABILITIES		26,658,303	25,762,637
NET ASSETS		10,567,968	11,193,544

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EQUITY

Share capital	7	42,513,283	42,513,283
Reserves		9,467	9,467
Accumulated losses		(31,954,782)	(31,329,206)
Equity attributable to equity holders of the parent		<u>10,567,968</u>	<u>11,193,544</u>
TOTAL EQUITY		<u>10,567,968</u>	<u>11,193,544</u>

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The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half Year Ended 31 December 2020

	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2020	42,513,283	9,467	(31,329,207)	11,193,544
Shares issued during the half year	-	-	-	-
Comprehensive income				
Loss for the half year	-	-	(625,576)	(625,576)
Balance at 31 December 2020	42,513,283	9,467	(31,954,783)	10,567,968
Balance at 1 July 2019	40,810,939	9,467	(25,889,620)	14,930,786
Shares issued during the half year	1,717,755	-	-	1,717,755
Comprehensive income				
Loss for the half year	-	-	(3,375,943)	(3,375,943)
Balance at 31 December 2019	42,528,694	9,467	(29,265,563)	13,272,598

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half Year Ended 31 December 2020

	Consolidated Group	
	Half Year ending 31 Dec 20	Half Year ending 31 Dec 19
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	3,712,417	4,379,999
Payments to suppliers and employees	(2,879,666)	(3,808,701)
Payments to suppliers from prior periods	(515,004)	(1,185,027)
Grant and Other Operational Income	585,500	-
Finance costs	-	(121,114)
Net cash flows from operating activities	903,247	(734,843)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(317,151)	(331,787)
Net cash inflows/(outflows) from investing activities	(317,151)	(331,787)
Cash Flows From Financing Activities		
Proceeds from issue of securities	-	2,000,053
Repayment of borrowings	-	(475,967)
Share issue costs	-	(282,691)
Net cash inflows from financing activities	-	1,241,395
Net increase in cash held	586,096	174,765
Cash and cash equivalents at beginning of period	234,150	140,665
Cash and cash equivalents at end of period	820,246	315,430

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. General information and basis of preparation**

The condensed interim consolidated financial statements ('the interim financial statements') of ISA Group are for the six (6) months ended 31 December 2020 and are presented in Australian Dollar (\$AUD), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of ISA Group for the year ended 30 June 2020 and any public announcements made by ISA Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 25 February 2021.

b. Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in ISA Group's last annual financial statements for the year ended 30 June 2020.

The accounting policies have been applied consistently throughout ISA Group for the purposes of preparation of these interim financial statements.

c. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in ISA Group's last annual financial statements for the year ended 30 June 2020.

d. Going Concern

The Group incurred a loss for the half year after tax of \$625,576 (2019: loss of \$3,375,943) and, as at 31 December 2020, had a net current deficiency in assets of \$5,444,730 (2019: deficiency \$2,816,381). The Group generated positive cash flows from operations during the half year of \$586,096 (2019: \$174,765). Future expected cash flows have not been taken into account in determining the current assets position. Included within current liabilities is deferred revenue of \$992,140 that will be realised as revenue once the service has been delivered to the customer.

The following matters have been considered by the directors in determining the appropriateness of the going concern basis of preparation in the financial statements:

- i. Management has prepared detailed cash flow forecasts that are monitored on an ongoing basis.
- ii. The company's senior financier, Westpac, remains supportive and positive discussions are underway to resolve a longer-term solution
- iii. Birkdale (an entity associated with Chairman, Steve Baxter) remains supportive. As previously agreed and announced, the partial conversion of \$1.2m of its existing \$3.0m loan into shares at \$0.01 per share will occur pending shareholder approval which will be sought at an EGM to be held in Q4 of FY2021.

Given the current strategic plan underway by the ISA Group Board, along with forecasted cash flows from operations the Directors are of the view that the company will continue as a going concern.

NOTE 2: REVENUE AND EXPENSES

	Consolidated Group	
	Half Year ending 31 Dec 2020	Half Year ending 31 Dec 19
	\$	\$
a) Revenue		
VWT revenue - rendering of services	3,083,454	3,037,441
Freak revenue	238,742	-
Other sales	177,941	360,127
	3,500,137	3,397,568
Other Income		
Grant Income	465,500	-
Other	-	8,915
	465,500	8,915
b) Selling and Marketing Expenses		
Marketing Expenses	246,567	288,623
Employment Expenses	1,278,454	1,127,755
	1,525,021	1,416,378
Administration Expenses		
Depreciation and Amortisation Expenses	669,102	742,344
Depreciation – AASB16	218,952	-
Occupancy Expenses	55,831	358,858
Employment Expenses	282,058	846,601
Legal Fees	1,789	80,767
Directors' fees	20,000	28,220
	1,247,732	2,056,790
c) Finance Costs		
Interest from bank	373,388	513,646
Interest from AASB16	231,666	-
	605,054	513,646

NOTE 3: TRADE AND OTHER PAYABLES

	As at	As at
	31 December 2020	30 June 2020
	\$	\$
Current Liabilities		
Trade payables	2,751,439	2,576,157
Other accruals	1,877,852	856,101
	4,629,291	3,432,258
Non-Current Liabilities		
Other accruals	-	801,508
	-	801,508

NOTE 4: DEFERRED REVENUE

	As at 31 December 2020	As at 30 June 2020
	\$	\$
Deferred revenue	992,140	860,458
	992,140	860,458

Deferred revenue primarily represents prepaid sales in respect of flight time and VR experiences purchased in advance. The sales are released to revenue at the time the services are rendered except the gift card revenue which is released in relation to expected redemption rates.

NOTE 5: BORROWINGS

	As at 31 December 2020	As at 30 June 2020
	\$	\$
Current Liabilities		
Westpac debt facility	1,433,656	1,129,500
	1,433,656	1,129,500
Non - Current Liabilities		
Westpac debt facility	6,069,457	6,320,457
Loan from Birkdale Holdings (QLD) Pty Ltd	3,000,000	3,000,000
	9,069,457	9,320,457

The Company has in place a secured debt facility with Westpac Banking Corporation with current loan amount of \$7.5M at reporting date. Interest payable on each component is based on current market rates, over a maximum 5 year term. Security provided is:

Fully Interlocking Guarantee and Indemnity by:

Indoor Skydive Australia Group Limited
Indoor Skydiving Penrith Holdings Pty Ltd
Indoor Skydiving Penrith Pty Ltd
Indoor Skydiving Gold Coast Pty Ltd
ISA Flight Club Pty Ltd
Indoor Skydiving Perth Pty Ltd
ISAG Holdings D Pty Ltd
ISAG Café Pty Ltd

Supported by General Security Agreement over all existing and future assets and undertaking by:

Indoor Skydive Australia Group Limited
Indoor Skydiving Penrith Holdings Pty Ltd
Indoor Skydiving Penrith Pty Ltd
Indoor Skydiving Gold Coast Pty Ltd
ISA Flight Club Pty Ltd
Indoor Skydiving Perth Pty Ltd
ISAG Holdings D Pty Ltd
ISAG Café Pty Ltd

Mortgage over lease by Indoor Skydiving Penrith Holdings Pty Ltd.

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NOTE 6: DIVIDENDS

No dividends have been paid or declared during the period.

NOTE 7: ISSUED CAPITAL

	As at 31 December 2020 \$	As at 30 June 2020 \$
336,700,099 (June 2020: 336,700,099) fully paid ordinary shares	44,803,421	44,803,421
Share issue costs	(2,290,138)	(2,290,138)
	42,513,283	42,513,283
	No.	No.
Ordinary Shares		
At the beginning of the reporting period	336,700,099	136,696,514
Shares issued during the period	-	200,003,585
	336,700,099	336,700,099

NOTE 9: OPERATING LEASES

From 1st July 2019, the operating leases of the business are accounted for using AASB 16. The lease balances are outlined below:

	Right of Use over Asset	Lease Liability
Property	9,615,435	10,020,449
Equipment	220,105	222,117
Total:	9,835,540	10,242,566

NOTE 10: SIGNIFICANT EVENTS DURING THE PERIOD**FREAK Entertainment – further Virtual Reality venues opening**

During the period ISA Group opened two new FREAK Entertainment venues. FREAK Gold Coast, our second venue, opened on the 5th September 2020. Located inside the iFLY Facility in Surfers Paradise, the venue features a single free roam “Arena”. FREAK Entertainment opened its third venue, FREAK Westfield Bondi Junction, on the 13th November 2020. Westfield Bondi Junction is the company’s first standalone venue and the largest site to date. The 211m² includes two flagship free roam “Arena” spaces, with games produced by world renowned VR studio, Vertigo Games – exclusive to FREAK in Australia. The Venue also features VR escape rooms and other Arcade style games suitable for birthday parties.

COVID-19

Throughout the period, the company was affected by multiple restrictions put in place through NSW and QLD. Border closures, capacity limitations, travel restrictions, lock downs and customer apprehension have affected all businesses throughout the period. ISA Group has diligently dealt with all issues that arose through COVID and has succeeded in both maintaining strong sales and implementing new strategies and systems.

Strengthening of Systems – Geared for Growth

The new iFLY Booking system has proven successful with an uplift in direct digital sales throughout the period. A new booking system has also been implemented for FREAK Entertainment, allowing greater scalability and detailed cross venue reporting functions. FREAK operating systems have been geared for growth with online employee onboarding and knowledge management systems.

NOTE 11: INTEREST IN SUBSIDIARIES

Subsidiaries	Country of incorporation	As at	As at
		31 December 2020	30 June 2020
		%	%
Indoor Skydiving Penrith Holdings Pty Ltd	Australia	100	100
Indoor Skydiving Penrith Pty Ltd	Australia	100	100
Indoor Skydiving Gold Coast Pty Ltd	Australia	100	100
ISA Flight Club Pty Ltd	Australia	100	100
Indoor Skydiving Perth Pty Ltd	Australia	100	100
ISAG Holdings D Pty Ltd	Australia	100	100
ISAG Café Pty Ltd	Australia	100	100
ISA Asia Operations Pty Ltd	Australia	100	100
ISA Asia Holdings Pty Ltd	Australia	100	100
Freak Entertainment Pty Ltd	Australia	100	100

NOTE 12: EARNINGS PER SHARE

	As at	As at
	31 December 2020	30 June 2020
	Cents	Cents
Earnings per share (cents per share)		
From continuing operations:		
- basic earnings per share	(0.19)	(1.76)
- diluted earnings per share	(0.18)	(1.75)
 a. Reconciliation of earnings to profit or loss:		
Earnings used to calculate basic EPS - continuing operations	(625,576)	(4,359,057)
Earnings used in the calculation of dilutive EPS - continuing operations	(625,576)	(4,359,057)

	No.	No.
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	336,700,099	308,754,393
Average number of dilutive performance rights outstanding	2,200,000	2,200,000
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	338,900,099	310,954,393

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	As at 31 December 2020	As at 30 June 2020
	\$	\$
Vertical wind tunnel building and equipment		
At Cost	28,950,741	28,942,018
Accumulated depreciation	(5,404,192)	(4,938,267)
Balance	<u>23,546,549</u>	<u>24,003,751</u>
IT Equipment		
At Cost	1,615,405	1,336,825
Accumulated depreciation	(846,458)	(677,888)
Balance	<u>768,946</u>	<u>658,937</u>
Furniture and fittings		
At Cost	193,639	192,604
Accumulated depreciation	(180,569)	(188,111)
Balance	<u>13,070</u>	<u>4,493</u>
Office Equipment		
At Cost	4,123	4,123
Accumulated depreciation	(3,441)	(3,958)
Balance	<u>682</u>	<u>165</u>
Total		
At Cost	30,763,907	30,445,494
Accumulated depreciation	(6,434,660)	(5,804,542)
Balance	<u>24,329,247</u>	<u>24,667,346</u>

NOTE 14: EVENTS AFTER THE END OF THE INTERIM PERIOD

Negotiations with senior financiers and aged creditors have been ongoing since balance date, and are well advanced.

COVID-19 has continued to be an underlying factor in business operations. While there have been no forced closures during the period, we continue to maintain vigilance for such an event.

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 7 to 17 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 2020 and of its performance for the half-year ended on that date.
2. In the directors' opinion, by continuing to pursue the courses of action outlined in Note 1(d), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Steve Baxter

Chairman

Dated: 25 February 2021



Wayne Peter Jones

Director & Chief Executive Officer

Dated: 25 February 2021

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

**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 (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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 Group 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 gives a true and fair view and 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 Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulation 2001*. As the auditor of the Group 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 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

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Emphasis of Matter

We draw attention to Note 1(d) of the half-yearly financial statements which details the fact that the ability of the Group to continue as a going concern is dependent on the courses of action being considered by ISA Group Management and forecasted cash flow operations. In addition, the Group's net working capital deficiency of \$5,444,730 has contributed to the Group's non-compliance with debt covenants. Our opinion is not modified in respect of this matter.

Conclusion

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

- + Giving a true and fair of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- + Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulation 2001*.



FELSERS
Chartered Accountants



Vindran Vengadasalam
Partner

25 February 2021

Sydney, Australia