Indoor Skydive Australia Group Limited

ABN: 39 154 103 607

ANNUAL REPORT

For the year ended 30 June

2018

ISA GROUP
INDOOR SKYDIVE AUSTRALIA GROUP

CORPORATE DIRECTORY

Directors	Jon BRETT Steve BAXTER Danny HOGAN Wayne JONES James SPENCELEY Simon WARD
Company Secretary	Salesh NISCHAL and Fiona YIEND
Registered Office	Indoor Skydive Australia Group Limited Level 2 201 Miller Street North Sydney NSW 2060
Principal Place of Business	Indoor Skydive Australia Group Limited Level 2 201 Miller Street North Sydney NSW 2060
Share Register	Boardroom Pty Limited Level 12 225 George Street Sydney NSW 2000
Auditor	Felsers, Chartered Accountants t/as Accru Felsers Level 6 1 Chifley Square Sydney NSW 2000
Bankers	Westpac Banking Corporation
Stock exchange listing code:	IDZ
Website	www.indoorskydive.com.au

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Front Page:
Instructor Dave flies in iFLY Perth.

This Page:
A First Time Flyer Enjoys a High Fly in Penrith.

DIRECTORS' REVIEW

The 2018 financial year concluded with very mixed results. A number of key initiatives were achieved including increasing the investment in our Australian operations team to drive performance and the development of systems and processes focused on the customer experience.

However, the achievements of 2018 where overshadowed by the dispute with SkyVenture International Limited and the consequences arising from the resolution of that dispute. During the year, ISA Group's operations suffered as a result of management being focused on the dispute and the impairments and costs flowing from the settlement achieved after year end have significantly impacted the Company's financial results. All costs associated with the settlement have been provisioned for in the 2018 financial statements.

The focus in 2019 will be to reduce overhead costs and debt levels while increasing earnings from our existing facilities.

2018 Financial Performance

For the year ended 30 June 2018, ISA Group reported a statutory loss before interest, tax, depreciation and amortisation of $6,387,289 This result is particularly disappointing as without the legal fees, AirRider impairment and dispute settlement costs the underlying result was a positive $2,293,178. This compares to $982,510 in 2017.

Dispute with SkyVenture

The dispute with SkyVenture centred around whether ISA Group, through any of its entities, could enter into a contract for the supply of a vertical wind tunnel from a third party supplier anywhere in the world. ISA Group, after taking into account appropriate advice, understood that it could. When the Malaysian opportunity arose, based on this understanding, ISA Group proceeded to use a different suppler for the vertical wind tunnel. The arbitrator of the dispute did not agree. There were a number of ancillary arguments raised throughout the dispute process however the key operational issue focused on the supply of vertical wind tunnel equipment.

On 19 July 2018 the arbitrator issued a partial final award that contained his findings on the application of the contracts between ISA Group and SkyVenture and found that ISA Group's Australian operating facilities were in breach of their purchase and license agreements. At that time settlement discussions were well advanced but had not been concluded.

Receipt of the arbitrator's decision disrupted the settlement negotiations and it took some time to get them back on track.

On 24 September 2018 ISA Group and SkyVenture entered into a Deed of Settlement which resolved all issues between them and resets the foundations of the relationship.

As a result of the settlement ISA Group agreed that it will pay SkyVenture's Australian and US legal fees and repay the amounts received from SkyVenture in relation to our Perth and Gold Coast facilities. These costs of the settlement are being funded by promissory notes provided by SkyVenture.

SkyVenture Relationship Going Forward

The relationship between ISA Group and SkyVenture is strong. At an operational level both parties have always and will continue to engage in good faith to drive the performance of indoor skydiving facilities.

One of the beneficial outcomes of the dispute with SkyVenture is that both parties now understand the relationship between them and have agreed to work more closely together going forward. As part of the settlement SkyVenture has agreed to provide ISA Group with preferential pricing for the purchase of vertical wind tunnel equipment going forward and ISA Group has confirmed its commitment to SkyVenture and the iFLY franchise. Consistent with its commitment to iFLY, ISA Group has agreed to surrender the AirRider brand.

Sound Business Model

ISA Group's operations are founded on a sound proven business model. Many of the costs associated with each indoor skydiving facility are fixed or able to be reliably estimated resulting in returns being driven by utilisation. With focused committed management high margins can be achieved at a facility level.

Throughout 2018 ISA Group has invested in each of its Australian facilities to increase management expertise and capability, to facilitate a smoother customer experience and to break into new market segments. While there is a time lag between the implementation of these changes and their benefits, ISA Group is starting to see new customers from the inbound tourist market, held the first commercial indoor skydiving instructor course and increased the alignment of tunnel flying with outdoor skydiving enthusiasts.

Board Renewal

ISA Group has a clear strategy for the way ahead and has used the last few months to establish a board of directors with the appropriate skills and expertise to deliver that strategy.

Jon Brett joins the board as Chairman bringing a high level of financial acumen, independent leadership and a sharp analytical mind. He is joined by James Spenceley, an experienced entrepreneur who is skilled at delivering growth through corporate transactions and organic development and building start-up ventures into successful stable operations. Simon Ward has also joined the Board reflecting the strong relationship between ISA Group and SkyVenture and providing up to the minute knowledge of the vertical wind tunnel industry and indoor skydiving. Continuity and stability is maintained through the continued services of Steve Baxter, Wayne Jones and Danny Hogan as directors.

Looking Ahead

The focus for 2019 will be to reduce corporate overheads, to repay debt and to achieve sustainable growth. Our growth focus continues to be Australia, South East Asia, China and Hong Kong over the medium to long term. In the short term, ISA Group's primary focus will be on current operations and considering all options to maximise shareholder value.


Junior Flyer Millie is Excited for Her Next Flight

DIRECTORS' REPORT

VFS Team practising for the Australian Open

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as **ISA Group)** consisting of Indoor Skydive Australia Group Limited (the **Company**) and the entities it controlled at the end of, or during, the year ended 30 June 2018.

DIRECTORS

The individuals listed below were Directors of the Company at all times during the year and at the date of this Directors' Report, unless otherwise stated:

Wayne Jones
Director & Chief Executive Officer
Appointed 4 November 2011

Wayne served for 21 years in the Australian Defence Force and was part of the highly acclaimed Special Air Service Regiment for the last 14 years of his career. Wayne holds various senior instructor qualifications and has been at the forefront of Australian Military Freefall development and training over the past 10 years. He is still involved in the training of special forces troops and he continues to participate in the sport of skydiving at the highest levels. Wayne is a member of the Australian Institute of Company Directors.

Wayne served as Interim Chairman between 6 August 2018 and 24 September 2018 while the process of selecting a Chairman and appointing additional non-executive directors was conducted.

Danny Hogan MG
Director & Chief Operations Officer
Appointed 4 November 2011

Danny enlisted in the Australian Regular Army in 1991, and in 1997 was selected for further service within the Special Air Service Regiment. He has been recognised and awarded for his actions and leadership during his 21 year military career including receiving the Medal for Gallantry. He was selected and completed a two year military exchange in the USA with two of the USA's elite Special Forces Commands. While in the USA he gained his freefall parachuting qualifications and developed a very strong background in the use of vertical wind tunnel simulation training. Danny was a highly qualified senior dive instructor within the Special Air Service Regiment. Danny is a member of the Australian Institute of Company Directors.

Steve Baxter
Non-Executive Director
Appointed 13 August 2012

Former Australian Regular Army electronics technician turned successful entrepreneur, Steve is the founder of early Internet Provider SE Net and co-founder of telecommunications infrastructure company, Pipe Networks Ltd. In 2008 he moved to the USA and joined Google Inc deploying high speed telecommunication infrastructure, before returning to Australia.

Steve is known for his entrepreneurial skills and appears on the popular TV show "Shark Tank". He is the founder of Brisbane based not-for-profit River City Labs - an early stage and start-up co-working space for tech and creative companies. Steve is a former director of Other Levels Limited and Vocus Communications Limited.

Jon Brett
Chairman – Non-Executive
Appointed 24 September 2018

Jon Brett has extensive experience in the areas of management, operations, finance and corporate advisory. Jon was an executive director of Investec Wentworth Private Equity. Jon has served as the managing director of a number of publicly listed companies, including Techway Limited which pioneered internet banking in Australia. Jon is an experienced non-executive director and served as a non-executive director on Vocus Group Limited and was an integral part in helping Vocus grow from a small cap ASX company to an ASX 100 company. He served as the non-executive deputy president of the National Roads and Motoring Association and has been Chairman of the Audit & Risk Committees for a number of different ASX listed companies.

In the last three years Jon has been a director of Vocus Group Limited, Godfreys Limited and The PAS Group Limited.

Jon is highly qualified and has a B.Acc, B.Com, M. Com CA(SA).

James Spenceley
Non-Executive Director
Appointed 24 September 2018

James Spenceley is an experienced entrepreneur, company director and CEO with a track record of organic and acquisition related value creation. He is the founder and former CEO of Vocus Communications, an ASX100 business and now Australia's 4th largest telecommunications company. James is the Chairman of Airtasker and former owner of the Illawarra Hawks basketball team. He is co-founder and CEO of MHOR asset management, an Australian small capital investment fund, and twice been recognised as an EY Entrepreneur of the Year award winner.

James is currently Chairman of Silver Heritage Group Limited and Chairman of AirTasker. In the last three years

James was an executive director of Vocus Communications Limited.

Simon Ward
Non-Executive Director
To be appointed

As International President of iFLY and a director of SkyVenture International Limited, Simon Ward has a detailed understanding of the developments and innovation occurring in the manufacture of vertical wind tunnels. Simon founded the indoor skydiving industry in the United Kingdom and brings over 13 years experience in the operation of indoor skydiving facilities. He is a senior member of the SkyVenture and iFLY leadership team and works with franchisees worldwide to drive the performance of indoor skydiving facilities.

Ken Gillespie AC, DSC, CSM
Former Chairman – Non-Executive
Appointed 18 October 2012
Resigned 6 August 2018

One of Australia's most distinguished career soldiers, Lieutenant General (retired) Ken Gillespie, AC, DSC, CSM, is the Chairman of ISA Group. Ken is on the Board of Directors of leading local defence manufacturer, Airbus Asia Pacific Group, and ASX listed, Senetas Limited. He is also Chair of the Council of the Australian Strategic Policy Institute, an internationally recognised Canberra based think tank, on the advisory board of Veolia Waste and a board member of the not-for-profit, ANZAC Research Institute. Ken also provides advice to the NSW Government in his role as Co-ordinator of Rural & Regional Infrastructure of NSW.

Ken, served with the Australian Defence Force for over 43 years, and was Chief of Army for three years before his retirement in June 2011. Previously he had served as Land Commander Australia and Vice Chief of the Australian Defence Force.

COMPANY SECRETARY

Salesh Nischal
Chief Financial Officer & Company Secretary
Appointed Company Secretary on 24 September 2018

Salesh Nischal has 21 years of extensive financial and operational experience in the ASX reporting environment within large diverse organisations. He has experience performing company secretarial work as part of the finance function. He has a proven ability to implement financial risk management, cost control management and internal controls. Salesh holds a Bachelor of Arts degree in accounting and has CPA qualifications.

Fiona Yiend
General Counsel & Company Secretary
Appointed 16 October 2013
Resigned 27 September 2018

Fiona Yiend is an experienced company secretary with over 9 years' experience in the listed environment. She holds a Bachelor of Arts, Bachelor of Laws (Hons), Graduate Diploma in Applied Finance and Investments, Graduate Diploma in International Law and a Graduate Diploma in Applied Corporate Governance. She is also a member of the Association of Corporate Counsel (ACC).

DIRECTORS' MEETINGS

The number of Directors' meetings that Directors were eligible to attend and the number of meetings attended by each Director during the year are listed below.

Board		
	Eligible to Attend	Attended
Wayne Jones	12	11
Danny Hogan	12	11
Steve Baxter	13	13
Ken Gillespie	13	13

DIRECTORS' SHAREHOLDINGS

The following table sets out each Director's relevant interest in shares and options in shares of ISA Group as at the date of this report.

Director	Number of Shares and Nature of Interest
Wayne Jones	Indirect interest in 16,060,000 shares held by Excalib-air Pty Ltd, indirect interest in 325,000 shares held by Project Flight Pty Ltd ATF Wayne Jones Superannuation Fund, indirect interest in 14,000 shares held by Project Gravity Pty Ltd, indirect interest in 2,627,307 shares held by Project Gravity Pty Ltd ATF Jones Family Trust. Direct interest in 1,100,000 unlisted Options with an exercise price of $0.35, subject to vesting conditions being met, and an expiry date of 23 August 2021.

Director	Number of Shares and Nature of Interest
Danny Hogan	Indirect interest in 16,060,000 shares held by Excalib-air Pty Ltd, indirect interest in 200,000 shares held by Hogan Superannuation Fund, indirect interest in 2,187,833 shares held by Australian Indoor Skydiving Pty Ltd ATF Hogan Family Trust. Direct interest in 1,100,000 unlisted Options with an exercise price of $0.35, subject to vesting conditions being met, and an expiry date of 23 August 2021.
Steve Baxter	Indirect interest in 17,039,475 shares held by Birkdale Holdings (QLD) Pty Ltd. Contractual right to be issued 6,000,000 unlisted options with an exercise price of $0.25 and an expiry date of 18 June 2020 conditional on receipt of shareholder approval.
Jon Brett	Nil
James Spenceley	Nil
Ken Gillespie	Indirect interest in 436,142 shares held by Sector West Pty Ltd ATF Gillespie Family Trust

No Director has any relevant interest in shares or options in shares of a related body corporate of ISA Group as at the date of this report.

DIVIDENDS

No dividends were declared during the period.

PRINCIPAL ACTIVITIES

ISA Group owns and operates Indoor Skydiving Facilities. ISA Group has three operating Australian Indoor Skydiving Facilities; iFLY Downunder (Penrith NSW), iFLY Gold Coast and iFLY Perth.

In early 2018 ISA Group, in partnership with 1 Utama, opened its first international first Indoor Skydiving Facility in Kuala Lumpur, Malaysia. The Malaysian facility operates under the brand AirRider 1 Utama.

REVIEW OF OPERATIONS

The financial year ended 30 June 2018 was a challenging year for ISA Group with lower than expected performance across the industry and difficult trading conditions in the last half of the year.

Against this backdrop, ISA Group implemented a number of efficiencies and restructures across its Australian operations to drive revenue while continuing to provide an optimal customer experience. The operations were also impacted by senior management's need to focus on an arbitration proceeding in the second half of the year which resulted in some revenue generating activities being deferred.

ISA Group's Malaysian facility opened to the public in the second half of the financial year under the AirRider brand. As part of the settlement with SkyVenture International Limited referred to below, ISA Group has committed to deliver growth projects under the iFLY or SkyVenture brands and to use SkyVenture VWT equipment on a worldwide basis. Accordingly, ISA Group has impaired all investment in the AirRider brand and will seek to transfer all management agreements and other economic benefits associated with the Malaysian facility to SkyVenture.

For the year ended 30 June 2018, ISA Group reported statutory loss before interest, tax, depreciation and amortisation was $6,387,289. The underlying EBITDA (excluding legal fees, AirRider impairment and dispute settlement costs) is $2,293,178. This compares to $982,510 in 2017.

ISA Group's initial focus going forward is on driving the performance of our operations, establishing a stable reliable level of performance and creating efficient customer focused experiences.

Through the revitalised partnership with SkyVenture, ISA Group will be able to access preferential pricing and bespoke fit for purpose VWT models to support our future growth. The growth focus continues to be Australia, South East Asia, China and Hong Kong over the medium to long term. In the short term, ISA Group's primary focus will be on current operations.

CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the affairs of the Company during the financial year which have not been disclosed to the market.

SUBSEQUENT EVENTS

On 19 July 2018 ISA Group received a partial final arbitral award from the Arbitrator of the dispute with SkyVenture International Limited. The award addressed the question of liability only and did not address remedy, costs or any quantum. After receipt of the award ISA Group and SkyVenture International Limited agreed to a settlement which addressed all issues between them. The settlement provides for ISA Group to pay SkyVenture for its legal costs, to transfer all ownership in the AirRider brands and the management agreements and other economic benefits associated with the Malaysian facility to SkyVenture. SkyVenture has committed under the settlement to supply ISA Group with specialist vertical wind tunnel equipment at preferential prices to support ISA Group's future growth.

The settlement is funded by Promissory Notes for US$3,789,933 from SkyVenture International Limited. The loans under the promissory notes have a 2-year term with the first year comprising interest payments only. For so long as ISA Group is listed, up to US$1,619,219.99 of the loan amount may be converted into ISA Group ordinary shares from 60 days after the effective date of the note at a conversion price of US$0.079. The maximum number of shares that may be issued on conversion is 20,496,455 which is within ISA Group's capacity to issue under Listing Rules 7.1.

FUTURE DEVELOPMENTS

ISA Group's initial focus going forward is on driving the performance of our operations, establishing a stable reliable level of performance and creating efficient customer focused experiences.

Through our revitalised partnership with SkyVenture, ISA Group will be able to access preferential pricing and bespoke fit for purpose VWT models to support our future growth. Our growth focus continues to be Australia, South East Asia, China and Hong Kong over the medium to long term. In the short term ISA Group's primary focus will be on current operations.

In the opinion of the Directors, disclosure of any further information regarding business strategies and future development of ISA Group would be unreasonably prejudicial to the Company.

REMUNERATION REPORT (AUDITED)

The Remuneration Report set out from page 12 forms part of this Directors' Report.

INTERESTS IN ISA GROUP SECURITIES

Details of the ISA Group securities issued during the year, and the number of ISA Group securities on issue as at 30 June 2018 are detailed in Note 16 of the Financial Statements and form part of this Directors' Report.

As at 30 June 2018 ISA Group had 3,500,000 employee and executive director unlisted options on issue with an exercise price of $0.35, tenure based vesting conditions and an expiry date of 23 August 2021.

As at 30 June 2018 ISA Group had a contractual obligation to issue 6,000,000 unlisted options with an exercise price of $0.25 and an expiry date of 18 June 2020 to Birkdale Holdings (QLD) Pty Ltd subject to shareholder approval. ISA Group intends to request shareholder approval of the issue of the options at the 2018 Annual General Meeting.

ENVIRONMENTAL REGULATION

ISA Group is not subject to any significant environment regulation under any law of the Commonwealth or of a State or Territory.

DIRECTORS' AND OFFICERS' INSURANCE

During the financial year, ISA Group has paid premiums to insure all Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

The Directors and Company Secretary of ISA Group are also party to a deed of access and indemnity.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred by such an officer or auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring, or intervene in, proceedings on behalf of any entity within ISA Group.

DIRECTORS' REPORT

AUDITORS

Felsers Chartered Accountants trading as Accru Felsers was appointed as ISA Group's auditor on 13 June 2018 and continues in office until the 2018 Annual General Meeting. Shareholders will be asked to approve the appointment of Felsers Chartered Accountants as auditor at the 2018 Annual General Meeting in accordance with section s327C of the Corporations Act 2001.

NON-AUDIT SERVICES

The Directors have considered and are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The fees paid or payable to Felsers Chartered Accountants for non-audit services provided during the year ended 30 June 2018 were $7,500.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration at page 23 forms part of this Directors' Report.

ROUNDING OF AMOUNTS

ISA Group is not an entity to which ASIC Legislative Instrument 2016/199 applies. Accordingly, amounts in the financial statements and annual reports have been rounded to the nearest dollar not the nearest thousand dollars.

BUY BACK

ISA Group does not currently have any on-market buy-back of shares.

STATEMENT OF CORPORATE GOVERNANCE

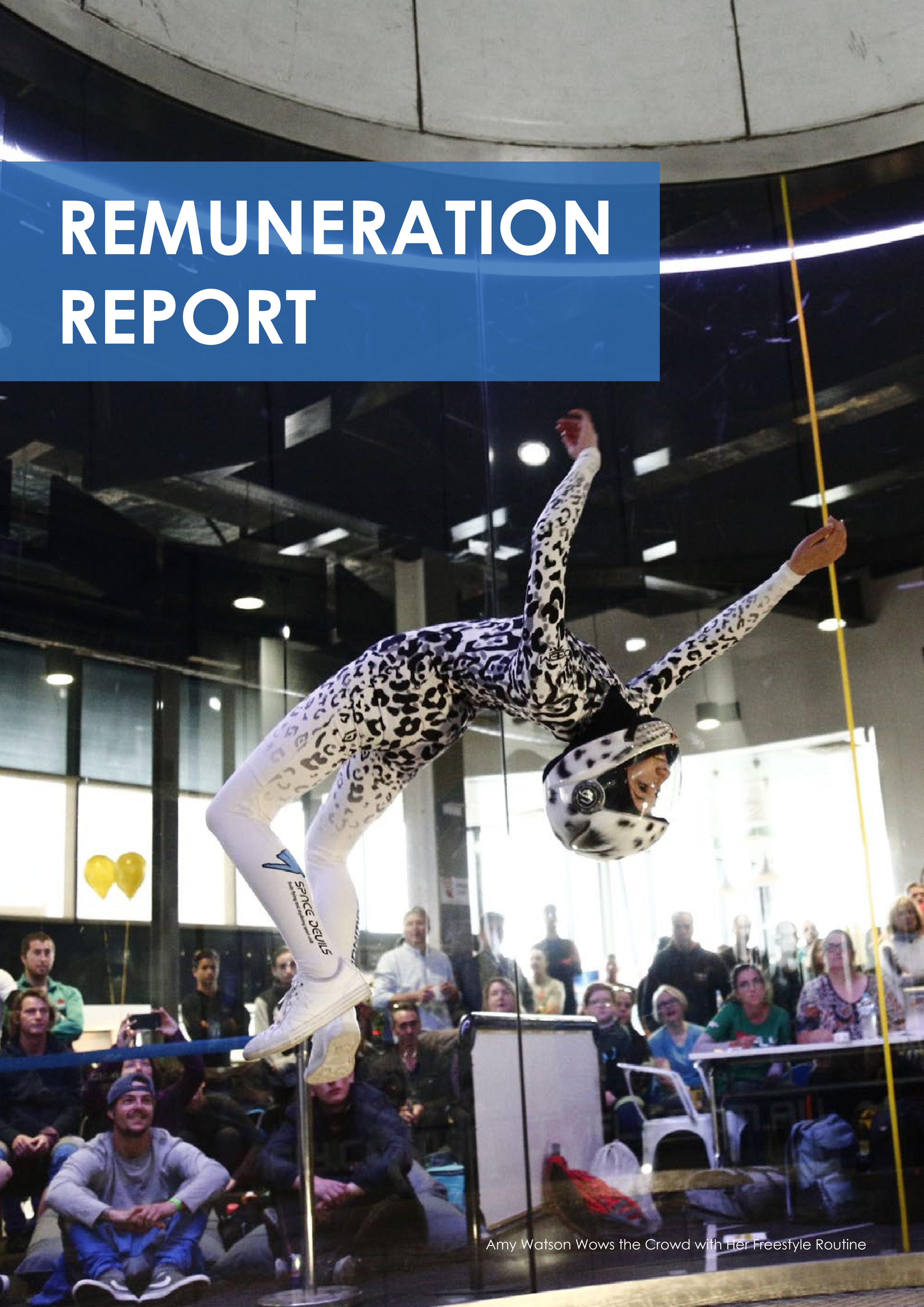
ISA Group's Statement of Corporate Governance for the year ended 30 June 2018 is available at http://www.indoorskydiveaustralia.com.au/skydivecompany/charters-and-policies/.

This Directors' Report is made in accordance with a resolution of the directors made pursuant to section 298(2) of the Corporations Act.

On behalf of the Board

Wayne Jones
Director & Chief Executive Officer
26 September 2018
Sydney

REMUNERATION REPORT



Amy Watson Wows the Crowd with Her Freestyle Routine

REMUNERATION REPORT

1. Introduction

This Remuneration Report for the year ended 30 June 2018 forms part of the ISA Group Directors' Report and has been audited in accordance with the Corporations Act 2001.
The Remuneration Report details remuneration information for the KMP of ISA Group comprising the Non-Executive Directors, Executive Directors and the senior executives responsible for planning, directing and controlling the activities of ISA Group.

2. Remuneration Governance

ISA Group's remuneration strategy has been designed to promote shareholder growth by setting strategic and operational targets for at risk remuneration while maintaining a base salary that fairly rewards employees.

Consideration of Remuneration & Nomination Matters
All remuneration matters across ISA Group are reviewed by a 'one up' manager to ensure that no single individual is determining remuneration. In the case of the Chief Executive Officer and his direct reports all remuneration matters are submitted to the Board for consideration and, if appropriate, approval.

Where appropriate external advice is obtained for the benefit of the Board in considering remuneration matters. This advice can take the form of remuneration benchmarking, remuneration consultancy, tax or financial consultancy services.

The approval of remuneration matters is restricted to non-executive directors only. Since April 2017 remuneration matters have been considered by the Board of Directors (Executive Directors excluded) under the auspices of the Remuneration & Nomination Committee Charter which is available at www.indoorskydive.com.au.

Remuneration Recommendations
ISA Group engages independent external consultants to provide advice and assistance in relation to remuneration from time to time as required. ISA Group received preliminary advice on long term incentives to drive performance in 2018 and the following years. This advice formed the foundation of ISA Group's long term incentive which utilises premium priced options.

Hedging of Remuneration
ISA Group's KMP and their closely related parties are prohibited from hedging or otherwise reducing or eliminating the risk associated with equity based incentives.

3. Key Management Personnel

The KMP for ISA Group for 2018 comprise the Non-Executive Directors, Executive Directors and the senior executives responsible for planning, directing and controlling the activities of ISA Group.

Executive KMP	
Wayne Jones	Executive Director & Chief Executive Officer
Danny Hogan	Executive Director & Chief Operations Officer
Salesh Nischal	Chief Financial Officer
Fiona Yiend	General Counsel & Company Secretary

Non-Executive Directors:	
Ken Gillespie*	Chair
Stephen Baxter	Director

* Resigned 6 August 2018 at which time Wayne Jones assumed the role of Interim Chairman until 24 September 2018.

Profiles of KMP can be found on page 7 and 8.

4. Remuneration Principles, Strategy and Outcomes

Remuneration principles
ISA Group's remuneration strategy is based on the following principles:

- Retain Top Talent – As ISA Group operates in a unique environment with a limited pool of talent ISA Group seeks to retain the high calibre people it has identified.

- Align rewards with business performance – ISA Group seeks to align remuneration rewards with business performance through the use of "at risk" remuneration and the assessment of performance.

- Support the execution of business strategy – ISA Group seeks to motivate employees to execute our aggressive growth strategy by setting performance objectives in line with strategic outcomes.

- Fairness, equity and consistency – ISA Group implements a consistent, transparent process for remuneration review and structures remuneration to achieve equity for like positions taking into account performance and tenure.

These principles are applied as we assess remuneration in the context of the operational demands of the business, the labour market we operate in, and returns to shareholders.

Remuneration Strategy
ISA Group's remuneration strategy for 2018 focused on driving the delivery of operation, strategic and growth strategies. Short term incentives were used to focus on achieving key deliverables to the ISA Group strategic plan with long term incentives designed to encourage the retention of key employees and promote shareholders interest.

The following table sets out the mix of remuneration types and their alignment to our remuneration strategy:

	Fixed Remuneration	Short-Term Incentive (STI)	Long Term Incentive (LTI)
Consists of	Base salary	Annual cash payment subject to the achievement of strategic targets	Participation in the ISA Group Employee Incentive Option Plan
Rewards for	Experience, skills, capability and performance.	Achieving set outcomes for the financial year including financial targets, operational milestones and strategic developments.	Tenure over a long term period. As the options have a premium built into the exercise price the employee only benefits if an increase in shareholder value is achieved.
Is	Fixed Reviewed annually	At Risk Wholly dependent on achieving the set financial targets	At Risk Wholly dependent on achieving the set tenure requirements and being "in the money" during the exercise period.
Determined by	Review of individual performance, experience and capability within the context of the overall business performance.	Performance against predetermined targets. STI is only payable if the targets are achieved. It includes an initial target and a stretch target for each category of target to encourage continued performance.	Retention of individual over a course of time with premium exercise price set to require an increase in shareholder value before a benefit is received.

Remuneration Outcomes for Executive KMP

The remuneration received by Executive KMP in 2018 and 2017 is set out below.

		Short Term Benefits			Post Employment Benefits	Long Term Benefits	Other	Share Based Payments	
KMP	**Year**	**Salary**	**STI**	**Non Monetary**	**Superannuation**	**Long Service Leave**	**Termination**	**Options/ Rights**	**Total**
		$	$	$	$	$	$	$	$
Wayne Jones CEO	2018	218,759	-	15,090	20,782	-	-	13,034	267,665
	2017	208,725	-	8,943	19,829	-	-	51,212	288,709
Danny Hogan COO	2018	218,759	-	16,571	20,782	-	-	13,034	269,146
	2017	208,725	-	16,020	19,829	-	-	51,212	295,786
Salesh Nischal CFO[1]	2018	176,550	-	-	16,773	-	-	15,788	209,111
	2017	16,975	-	-	1,613	-	-	-	18,588
Fiona Yiend General Counsel/ Company Secretary	2018	185,038	-	7,560	17,579	-	-	15,788	225,965
	2017	146,578	-	4,019	13,925	-	-	30,537	195,059
Brett Sheridan CCO[2]	2018	103,615	-	9,439	9,812	-	-	-	122,866
	2017	178,200	-	7,372	16,929	-	-	30,537	233,038
Stephen Burns Former CFO[3]	2017	179,675	-	-	17,692	-	-	(29,788)	167,579

[1] Appointed CFO on 10 May 2017
[2] Resigned 8 January 2018
[3] Resigned effective 17 May 2017

Executive Remuneration Structure
Remuneration Mix
Fixed annual remuneration provides a "base" level of remuneration. Short and long-term variable incentives ("at risk") reward executives for meeting and exceeding pre-determined targets. The targets for at-risk rewards is linked to clear measurable targets which the Company considers are significant to achieving our strategic plan and delivering shareholder returns.

The percentage of at risk remuneration varies between executives based on the extent to which they are in a position to directly influence company performance. The executive directors' at risk remuneration comprises short term incentives of 36% of base salary plus long term incentives which are assessed over a three year period. Other executives have short term incentives of up to 25% of their base at risk in each financial year in addition to long term incentives assessed over a three year period.

Fixed Remuneration
Fixed remuneration consists of cash salary, superannuation and other limited non-monetary benefits. The levels are set to attract and retain qualified, skilled and experienced executives and are determined based on comparable market data, the skills and experience of the individual executive and the accountability and responsibility of the role.

REMUNERATION REPORT

Following an independent external remuneration review in 2013 which identified that ISA Group Executive KMP remuneration was within the bottom quartile compared to its comparator group, ISA Group has been moving fixed remuneration closer to the median level.

Short Term Incentive Structure

The key features of ISA Group's STI Plan are outlined below:

What is the purpose of the STI?	STI performance targets drive executives to focus on achieving ISA Group's performance goals in relation to current operations, future operations and the strategic plan.
Who participates?	All Executive KMP and selected senior executives.
How much can be earned under the STI Plan?	The target STI opportunity for KMP is between 14% to 18% of base salary depending on the role. For stretch/over performance, KMP can earn a total STI of 25% to 36% of base salary.
What are the performance conditions?	The performance criteria is: Current Operations (50%) – EBITDA targets Future Operations (25%) – Milestones in relation to the Malaysian project to be achieved by set dates Strategic Plan (25%) - Milestones in relation to international growth plan to be achieved by set dates
Over what period is it measured?	Performance is measured over the 12 month period from 1 July to 30 June.
How is it paid?	STI payments are made on the achievement of reaching targets (ie payments are not made progressively). If targets are reached the full STI is paid. If the target is achieved but the stretch target is not, no payment or partial payment is made for exceeding the target. The Executive must be an employee and not serving out a notice period when the payment of an STI is made. Payment occurs after conclusion of the end of year audit (usually September).
When and how is it reviewed?	The STI is reviewed annually in line with the review of remuneration and the setting of the upcoming financial budget.
Who assesses performance against targets?	The targets are objective measures which are assessed by the Board. Financial measures are assessed against the Company's audited financial accounts. The Board approves all STI assessments and payments.
What are the clawback provisions?	None

Short term Incentive Outcomes
For 2018, the STI performance targets were not met. All Executive KMP forfeited 100% of their STI award.

Long Term Incentive Structure
The key features of the ISA Group Long Term Incentive (LTI) are outlined below:

What is the purpose of the LTI?	The LTI aligns employee interest with shareholder interest with a focus on increasing shareholder value.
Who participates?	Participants are the KMP who drive the growth strategy of ISA Group.
What is the vehicle?	Awards are in the form of premium priced options in accordance with the ISA Group Employee Incentive Option Plan. If performance hurdles related to tenure are met the options will vest. Once vested, each option entitles the employee to purchase one share in ISA Group for $0.35.
What are the performance conditions and what is the performance period?	The performance hurdles are split into two tranches with 50% of the options vesting on continuous employment with the Company for 2 years and 50% of the options vesting on continuous employment with the Company for 3 years. Vested options only provide a financial benefit to the employee if the exercise price of $0.35 is lower than the ISA Group share price on the ASX during the exercise period.
What are the service conditions?	An employee must be continuously employed with the Company for options to vest. Termination of employment prior to vesting causes the options to lapse.
How is it paid?	Subject to meeting the performance hurdles the options vest. Once vested each option can be exercised to purchase one fully paid ordinary ISA Group share for $0.35.
How are performance conditions set?	The performance conditions were set by the Board after considering the appropriate incentive and conditions to align employee and shareholder interests.
What happens if a change of control occurs?	If a change in control event occurs vested options may be exercised for shares in the acquiring company with appropriate adjustments provided that the Company, employee and acquiring company agree.
What are the clawback provisions?	If in the reasonable opinion of the Board a participant in the LTI has acted fraudulently or dishonestly or is in material breach of his or her obligations to ISA Group then the Board in its absolute discretion may determine that any unvested options lapse or that any vested but unexercised options lapse.

Long Term Incentive Awards and Outcomes

During 2018 the following options were issued under the ISA Group Employee Incentive Option Plan. Each vested option entitles the holder to purchase one ordinary ISA Group share for the exercise price of $0.35. Shareholder approval was granted to the issue of options to Wayne Jones and Danny Hogan on 21 November 2017.

Employee	Options	Exercise Price	Vested	Vesting Date Tranche 1 (50%)	Vesting Date Tranche 2 (50%)	Expiry Date	Value of Option on Grant Date
Wayne Jones	1,100,000	$0.35	No	24 August 2019	24 August 2020	23 August 2021	3.55 cents
Danny Hogan	1,100,000	$0.35	No	24 August 2019	24 August 2020	23 August 2021	3.55 cents
Salesh Nischal	650,000	$0.35	No	24 August 2019	24 August 2020	23 August 2021	7.29 cents
Fiona Yiend	650,000	$0.35	No	24 August 2019	24 August 2020	23 August 2021	7.29 cents

Summary of Executive Contracts

Executive contracts set out remuneration details and other terms of employment for each individual executive. The key provisions of the KMP contracts relating to terms of employment and notice periods are set out below. Contractual terms vary due to the timing of contracts, individual negotiations and different market conditions.

	Date of contract	Term of contract	Notice required to be given to the Company for termination by Employee	Termination Payments
Wayne Jones Director and CEO	October 2012	Ongoing	6 months	6 months' notice for termination by Employer and legislative entitlements on redundancy.
Danny Hogan Director and COO	October 2012	Ongoing	6 months	6 months' notice for termination by Employer and legislative entitlements on redundancy.
Salesh Nischal Chief Financial Officer	May 2017	Ongoing	6 Weeks	6 weeks' notice for termination by Employer and legislative entitlements on redundancy.
Fiona Yiend General Counsel & Company Secretary	September 2013	Ongoing	6 Weeks	6 weeks' notice for termination by Employer and 6 months on redundancy.

5. Non-Executive Director Remuneration

Approved Fee Pool

Non-Executive Director fees are determined within a maximum directors' fee pool limit. The directors' fee pool was set in 2012 as $500,000. No director's fees are paid to Executive Directors, Wayne Jones and Danny Hogan. Total non-executive remuneration paid during 2018 was $125,417 (FY17: $210,192).

Approach to setting Non-Executive Director Remuneration

Non-Executive Directors receive fixed remuneration in the form of a fee. The fee is set taking into account the conditions at the time of the director's appointment, the director's skills and expertise and the role to be performed by the director.

Non-Executive Directors do not receive variable remuneration or other performance-related incentives.

The Non-Executive Director fees were not increased in 2018. The Non-Executive Directors fees for the last two financial years are set out below.

	Financial Year	Salary and Fees	Bonus	Share based payments	Total
Stephen Baxter	2018	40,417	-	-	40,417
	2017	55,000	-	-	55,000
Ken Gillespie*	2018	85,000	-	-	85,000
	2017	85,000	-	-	85,000
David Murray**	2017	29,727	-	-	29,727
Kirsten Thompson**	2017	40,465	-	-	40,465

* Resigned 6 August 2018
** Resigned 25 April 2017

6. Other Statutory Disclosures

ISA Group's Financial Performance
The table below sets out ISA Group's earnings and movements in shareholder wealth over the last 5 years.

	2014	2015	2016	2017	2018
Revenue	1,212,643	6,431,444	8,155,888	12,271,081	13,880,529
Net Profit/(Loss) after Tax	(2,714,016)	(1,903,921)	(1,506,760)	(891,290)	(10,140,582)
Share price at 30 June	0.68	0.45	0.40	0.20	0.12

Performance rights holdings of KMP

During the period 2013 to 2017 ISA Group used performance rights as a long term incentive tool. The last issue of shares on the exercise of vested performance rights occurred at the beginning of the 2018 financial year.

Non-executive Directors do not hold performance rights. Details of the performance rights holdings of other KMP are set out below:

	Balance at 1 July 2017	Granted as remuneration	Rights exercised	Rights lapsed	Rights Forfeited	Balance at 30 June 2018
Wayne Jones	228,554	-	228,554	-	-	-
Danny Hogan	228,554	-	228,554	-	-	-
Salesh Nischal	-	-	-	-	-	-
Fiona Yiend	129,054	-	129,054	-	-	-
Brett Sheridan	129,054	-	129,054	-	-	-

Option holdings of KMP

Details of the option holdings of KMP are set out below. Non-Executive Directors are not granted options as part of their remuneration:

	Balance at 1 July 2017	Granted as remuneration	Rights exercised	Rights lapsed	Rights Forfeited	Balance at 30 June 2018
Wayne Jones	-	1,100,000	-	-	-	1,100,000
Danny Hogan	-	1,100,000	-	-	-	1,100,000
Salesh Nischal	-	650,000	-	-	-	650,000
Fiona Yiend	-	650,000	-	-	-	650,000
Brett Sheridan	-	650,000	-	-	650,000	-

Shareholdings of KMP

The shareholding of the KMP including their associates is as follows:

KMP	Role	Interest in shares held at 1 July 2017	Interest in shares acquired / (disposed) during the period	Interest in shares issued on exercise of vested performance rights during the period	Balance at 30 June 2018
Ken Gillespie	Chairman*	436,142	-	-	436,142
Steve Baxter	Non-Executive Director	17,039,475	-	-	17,039,475
Wayne Jones	Chief Executive Officer & Director	18,797,753	-	228,554	19,026,307
Danny Hogan	Chief Operations Officer & Director	18,219,279	-	228,554	18,447,833
Salesh Nischal	Chief Financial Officer	-		-	-
Fiona Yiend	General Counsel & Company Secretary	140,000		129,054	269,054
Brett Sheridan	Chief Commercial Officer**	550,000	129,054		679,054

* *Resigned 6 August 2018*
** *Resigned 8 January 2018*

2017 Annual General Meeting (AGM)
At the Company's AGM in November 2017, 98.43% of votes received were in favour of adopting the remuneration report.

Related Party Transaction
On 19 June 2018 ISA Group entered into agreements for a $3m loan facility from Birkdale Holdings (QLD) Pty Ltd ATF the Baxter Family Trust, a company associated with Steve Baxter. The term of the loan is 2 years and it is supported by a second ranking general security agreement. As part of the loan agreements ISA Group will issue 6,000,000 options with an exercise price of $0.25 and an expiry date of 2 years from the date of issue. The issue of the options is subject to shareholder approval which will be sought at the 2018 Annual General Meeting.

Sarah Yates puts on a Show for the Crowds

Accru+
Felsers

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

In accordance with the requirements of section 307 of the Corporations Act 2001, as lead auditor for the audit of Indoor Skydive Australia Group Limited for the year ended 30 June 2018, 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

Felsers
Chartered Accountants

Michael Kersch
Partner

Sydney
26 September 2018

Level 6, 1 Chifley Square
Sydney, New South Wales 2000
Australia

Telephone + 61 2 8226 1655
Facsimile + 61 2 8226 1616
Web www.accru.com

Chartered Accountants + Business Advisors
Sydney + Melbourne + Brisbane
Perth + Adelaide + Hobart

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 30 June 2018

		Consolidated Group	
		2018	2017
	Note	$	$
Revenue	3	13,880,529	12,271,081
Cost of sales		(2,575,301)	(2,464,687)
Gross profit		11,305,228	9,806,394
Other income	3	396,753	45,478
Selling and marketing expenses	3 (a)	(5,183,269)	(4,731,189)
Administration expenses	3 (b)	(4,602,987)	(4,354,932)
Impairment of AirRider brand		(2,627,648)	-
Legal expense		(2,520,068)	-
Dispute settlement costs		(3,532,751)	-
Other expenses		(1,560,123)	(1,432,046)
Loss before Interest and Tax		(8,324,865)	(666,295)
Finance income		615	7,373
Finance expense		(558,598)	(383,317)
Net financing costs		(557,983)	(375,944)
Share of loss from joint venture entities	10	(339,583)	-
Loss Before Tax		(9,222,431)	(1,042,239)
Income tax (expense)/benefit	4	(918,151)	150,949
Loss After Tax		(10,140,582)	(891,290)
Other comprehensive income			
Exchange differences on translation of foreign operations		805	-
Total comprehensive loss for the year		(10,139,777)	(891,290)
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)	24	(7.42)	(0.68)
Diluted earnings per share (cents)	24	(7.42)	(0.68)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 June 2018

	Notes	Consolidated Group 2018 $	Consolidated Group 2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	953,541	1,706,457
Trade and other receivables	6	105,473	917,777
Inventories		83,156	74,105
Other financial asset	7	130,890	42,489
TOTAL CURRENT ASSETS		1,273,060	2,740,828
NON-CURRENT ASSETS			
Property, plant and equipment	8	42,151,324	43,965,692
Investment in joint venture entities	10	206,329	-
Intangible asset	11	264,350	773,304
Deferred tax asset	4, 1(s).ii	1,249,487	2,167,638
Other financial asset	7	197,440	209,245
TOTAL NON-CURRENT ASSETS		44,068,930	47,115,879
TOTAL ASSETS		45,341,990	49,856,707
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	3,997,700	3,655,064
Deferred revenue	13	1,231,797	1,907,300
Borrowings	14	1,886,317	472,312
Provisions	15	425,288	276,558
TOTAL CURRENT LIABILITIES		7,541,102	6,311,234
NON-CURRENT LIABILITIES			
Borrowings	14	9,081,123	10,267,198
Provisions	15	6,338,337	818,289
TOTAL NON-CURRENT LIABILITIES		15,419,460	11,085,487
TOTAL LIABILITIES		22,960,562	17,396,721
NET ASSETS		22,381,428	32,459,986
EQUITY			
Share capital	16	40,810,939	40,466,917
Reserve		58,450	340,448
Accumulated losses		(18,487,961)	(8,347,379)
TOTAL EQUITY		22,381,428	32,459,986

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 year ended 30 June 2018

	Share Capital	Reserves	Accumulated Losses	Total
	$	$	$	$
Balance at 1 July 2017	**40,466,917**	**340,448**	**(8,347,379)**	**32,459,986**
Share issue on exercise of performance rights	344,022	(344,022)	-	-
Employee share based payment performance rights	-	3,574	-	3,574
Issue of share options	-	57,645	-	57,645
Comprehensive income				
Loss for the year	-	-	(10,140,582)	(10,140,582)
Other comprehensive income	-	805	-	805
Total comprehensive loss for the year	-	805	(10,140,582)	(10,139,777)
Balance at 30 June 2018	**40,810,939**	**58,450**	**(18,487,961)**	**22,381,428**
Balance at 1 July 2016	**34,648,455**	**658,164**	**(7,456,089)**	**27,850,530**
Shares issued during the year	5,665,005	-	-	5,665,005
Share issue costs	(342,131)	-	-	(342,131)
Share issue on exercise of performance rights	495,588	(495,588)	-	-
Employee share based payment performance rights	-	177,872	-	177,872
Comprehensive income				
Loss for the year	-	-	(891,290)	(891,290)
Total comprehensive loss for the year	-	-	(891,290)	(891,290)
Balance at 30 June 2017	**40,466,917**	**340,448**	**(8,347,379)**	**32,459,986**

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

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 30 June 2018

	Note	Consolidated Group 2018 $	2017 $
Cash Flows From Operating Activities			
Receipts from customers		14,946,055	14,523,197
Payments to suppliers and employees		(13,508,159)	(12,023,796)
Grant income received		-	24,875
Interest received		615	7,373
Finance costs		(558,598)	(383,317)
Net cash inflows from operating activities	18	879,913	2,148,332
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(106,485)	(9,389,457)
Payments for investment in joint venture		(545,107)	-
Payment for intangible assets		(1,263,202)	(517,477)
Net cash outflows from investing activities		(1,914,794)	(9,906,934)
Cash Flows From Financing Activities			
Proceeds from issue of securities		-	5,665,005
Proceeds from borrowings		1,500,000	2,493,302
Repayment of borrowings		(1,218,035)	(901,718)
Share issue costs		-	(342,131)
Net cash inflows from financing activities		281,965	6,914,458
Net decrease in cash held		(752,916)	(844,144)
Cash and cash equivalents at beginning of year		1,706,457	2,550,601
Cash and cash equivalents at end of year	5	**953,541**	**1,706,457**

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

These consolidated financial statements and notes represent those of Indoor Skydive Australia Group Limited and Controlled Entities (the **Consolidated Group** or **Group**).

The separate financial statements of the parent entity, Indoor Skydive Australia Group Limited have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 26 September 2018 by the Directors of the Company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Indoor Skydive Australia Group Ltd is the Group's ultimate parent company. Indoor Skydive Australia Group Ltd is a public company listed on the Australian Stock Exchange and domiciled in Australia. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Basis of Accounting

The Group incurred a loss for the year after tax of $10,140,582 (2017: loss of $891,290) and has a net current deficiency in assets of $6,268,042. Included within current liabilities are deferred revenue of $1,231,797 that will be realised as revenue once the service has been delivered to the customer. Therefore, excluding this balance, the Group has an adjusted current asset deficiency position of $5,036,245 at 30 June 2018.

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) in July and August 2018, the consolidated entity received the balance of $1,500,000 in funding from Birkdale Holdings (QLD) Pty Ltd. As a result, the consolidated entity will have sufficient working capital to enable it to meet its objectives and financial obligations.

ii) the consolidated entity generated net operating cash inflow for the financial year ended 30 June 2018 of $879,913 (2017: $2,148,332). Excluding the legal costs that have been paid in financial year 2018, net operating cash flow was $1,679,146. Management expect that the operating costs will be further reduced in the succeeding financial year as a result of the restructuring of its operations, which further increases operating cash flows.

iii) in September 2018, the consolidated entity has entered into a settlement that is funded by Promissory Notes for US$3,789,933 from SkyVenture International Limited. The loans under the promissory notes have a 2-year term with the first year comprising interest payments only. For so long as ISA Group is listed, up to US$1,619,219.99 of the loan amount may be converted into ISA Group ordinary shares from 60 days after the effective date of the note at a conversion price of US$0.079.

iv) the Westpac Banking Corporation has agreed to consolidate all loan facilities and to increase the term of the loan to be repaid over a 7 year term which will result in reduction in the monthly loan repayment amounts.

The directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements as at 30 June 2018. Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

A cash flow forecast for the next 12 months prepared by management has indicated that the consolidated entity will have sufficient cash assets to be able to meet its debts as and when they fall due. The directors are satisfied that the consolidated entity is able to meet its working capital liabilities through the normal cyclical nature of receipts and payments.

As a result, the financial report has been prepared on a going concern basis.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

a. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Indoor Skydive Australia Group Limited at the end of the reporting period. A controlled entity is any entity over which Indoor Skydive Australia Group Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 9 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation. Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statements showing profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

b. Income Tax

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Tax Consolidation - Australia

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group with effect from 1 November 2011 and will therefore be taxed as a single entity from that date. The Company is the head entity within the tax-consolidated group.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using a modified stand-alone tax allocation methodology.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the controlled entities are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangements.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head company only.

c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(j) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	***Useful Life***
Office equipment	3 years
Furniture and fittings	5 years
IT equipment	5 years
Vertical wind tunnel building infrastructure	40 years
Vertical wind tunnel equipment	20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

d. Intangibles

Exclusive Territory Development Agreement
Acquired intangibles are capitalised on the basis of the costs incurred to acquire and install the specific licence. Refer to Note 11 for further information.

Development Costs
Internally generated intangibles including capitalised development costs on individual projects that are recognised as an intangible asset when the Group can demonstrate that the asset will generate future economic benefits and can be measured reliably. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the asset; and
- the asset will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred. Costs that are directly attributable include employees' (other than Directors') costs incurred on development. Expenditure on the research phase of projects is recognised as an expense as incurred.

Subsequent measurement
Intangible assets are not amortised but tested for impairment annually either individually or at cash generating unit level.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

e. Leases

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

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

f. Foreign Currency Transactions and Balances

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

Transactions and Balances
Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

g. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

h. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. Payables expected to be settled within 12 months of the end of the reporting period are classified as current liabilities. All other liabilities are classified as non-current liabilities.

i. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (**ATO**).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

j. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use.

k. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within a year have been measured at the amounts expected to be paid when the liability is settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. Liabilities for long service leave are recognised when employees reach a qualifying period of continuous service. Liabilities and expenses for bonuses are recognised where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based Payments
Share-based compensation benefits are provided to certain employees (including key management personnel) via the premium priced options in accordance with Indoor Skydive Australia Group Limited Employee Incentive Option Plan. The fair value of the option is measured at grant date and is recognised over the period the services are received, which is the expected vesting period during which the employees would become entitled to exercise the performance rights.

Non-market vesting conditions are included in assumptions to determine the number of options that are expected to become exercisable. If performance hurdles related to tenure are met, the options will vest if the exercise price of $0.35 is achieved. Estimates are subsequently revised if there is any indication that the number of performance rights expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if performance rights ultimately exercised are different to that estimated on vesting.

The fair value of options granted for rights with non-market based performance criteria are measured using the Black-Scholes option pricing methodology which is the approach typically used for valuing options which may be exercised, once vested, at any time up until expiry.

Upon exercise of options, the proceeds received net of any directly attributable transaction costs are allocated to contributed equity.

l. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Make good provisions are recognised on a systematic basis over the life of the lease, based on the most reliable evidence available at reporting date, including the risks and uncertainties associated with the present obligation. 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. The provision is discounted to its present value, where the time value of money is material.

m. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is included in the Statement of Financial Position as a current liability.

Revenue from the sale of goods and services is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership and the cessation of all involvement in those goods and services. For gift card revenue, refer to Note 1(s)(iv).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Interest revenue is recognised on an accruals basis using the effective interest method.

n. Deferred Revenue

Income relating to future periods is initially recorded as deferred revenue, and is then recognised as revenue over the relevant periods of admission or rendering of other services.

o. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(j) for further discussion on the determination of impairment losses.

p. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method, after deducting any purchase settlement discount and including logistics expenses incurred in bringing the inventories to their present location and condition.

q. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

r. Comparative Figures

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

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

s. 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 Group's main assets at present comprise the Vertical Wind Tunnel (VWT) Equipment and its related Building Infrastructure. The construction of these assets are typically foreseen in the lease agreements, 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 extend, the Board has confirmed the useful life of the Buildings to be 40 years and VWT equipment to be 20 years and the residual values of both these classes of assets to be nil.

ii. Deferred Tax Asset

In future years, the Group is expected to generate taxable income that will utilise the deferred tax balance. The directors have recognised a deferred tax asset to the extent of deductible temporary differences. Due to several years of losses, there is some doubt as to whether the tax benefit from unused tax losses will be recouped. The directors have therefore deemed it is prudent not to recognise a deferred tax asset for tax losses. This may be reversed in future years if it becomes probable that sufficient taxable income will be generated.

iii. Exclusive Territory Development Agreement Recognition and Amortisation

On 20 December 2013 an Exclusive Territory Development Agreement was entered into between the Company and iFly Australia Pty Ltd (iFly) to exclusively develop projects in Australia and New Zealand for which iFly would receive 2,500,000 shares in the company (IDZ.ASX). iFly is the Australian subsidiary of SkyVenture International, our vertical wind tunnel supplier. The agreement has created an intangible asset which is expected to create a future economic benefit. This intangible asset must be initially valued at cost, in accordance with AASB 138. The cost is calculated as $1,500,000, being the fair value of the shares granted to iFly, at the IDZ close price of $0.60 at 20 December 2013.

The term of the agreement is limited, and the asset is therefore classified as a finite life intangible asset. An intangible asset with a finite life is to be amortised over its useful life. The amortisation method selected should reflect the pattern over which the asset's future economic benefit is expected to be consumed. If that pattern cannot be determined reliably, the straight-line method is to be used. The amortisation period and method for an intangible asset with a finite useful life are to be reviewed at least at the end of each annual reporting period. If the expected useful life or expected pattern of consumption of the future economic benefit is different from previous estimates, the period or method is to be revised.

An accelerated amortisation rate of 40% diminishing value has been used against this intangible asset. This reflects the expected consumption of benefits under the agreement.

In the current year, the Group has fully impaired the carrying value of this intangible asset considering the arbitrator's findings that the Group's Australian operating facilities were in breach of the purchase and license agreements.

iv. Gift Card Revenue

Gift card revenue from the sale of gift cards is recognised when the card is redeemed for the purchase of flight time (Flight Revenue), or when the gift card is no longer expected to be redeemed (Gift Card Revenue). At 30 June 2018, $797,913 of Gift Card Revenue is recognised (2017: $494,388). The key assumption in measuring the liability for gift cards and vouchers is the expected redemption rates by customers, which are reviewed based on historical information. Any reassessment of expected redemption rates in a particular period impacts the revenue recognised from expiry of gift cards and vouchers (either increasing or decreasing). Any foreseeable change in the estimate is unlikely to have a material impact on the financial statements.

v. Site Restoration

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.

In the current year, the Group has recognised a provision for site restoration for its three tunnels. To this extent, an estimate of the costs to remove the VWT's and its related Building Infrastructure has been determined based on current costs using existing technology at current prices. Management used the services of an expert and determined the cost to restore the sites. These costs were projected forward at a 2.5% inflationary escalation and then discounted back at 8.73% (2017: 8.73%) after consideration of the associated risks. The discount rate reflects the time value of money and risks specific to the operation of the tunnels. The site restoration asset is depreciated over the remainder of each extended lease period being 40 years in the case of each of iFLY Downunder (Penrith), iFLY Gold Coast and iFLY Perth. The accumulative effect of discounting on the site restoration provision is included within finance costs in the statement of comprehensive income.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

vi. Capitalisation of Internally Developed Intangible Assets

Distinguishing the research and development phases of a new project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement.

After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

t. New and amended standards and interpretations

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. At the date of this financial report the following standards and interpretations, which may impact the entity in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date	Expected Impact
AASB 15	*Revenue from Contracts with Customers*	This Standard establishes principles (including disclosure requirements) for reporting useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.	1 July 2018	Not expected to have a material impact.
AASB 9	*Financial Instruments*	This Standard supersedes both AASB 9 (December 2010) and AASB 9 (December 2009) when applied. It introduces a "fair value through other comprehensive income" category for debt instruments, contains requirements for impairment of financial assets, etc.	1 July 2018	Expected to change disclosures in the year of adoption.
AASB 16	*Leases*	This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases.	1 July 2019	The Group is yet to assess the effect.

NOTE 2: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

Statement of Financial Position	**2018**	**2017**
	$	**$**
Assets		
Current assets	1,059,762	1,301,227
Non-current assets	35,055,595	39,486,508
Total Assets	36,115,357	40,787,734
Liabilities		
Current liabilities	2,609,813	385,842
Non-current liabilities	14,485,115	10,780,173
Total Liabilities	17,094,928	11,166,015
Equity		
Issued capital	40,810,939	40,466,917
Share based payments reserve	57,645	340,448
Retained earnings	(21,848,155)	(11,185,646)
Total Equity	19,020,429	29,621,719
Statement of Profit or Loss and Other Comprehensive Income		
Total comprehensive loss for the year	(10,662,509)	(1,258,610)
	(10,662,509)	(1,258,610)

Contingent liabilities
The parent entity does not have any contingent liabilities as at 30 June 2018.

Contractual commitments
Other than amounts disclosed in the financial statements, the parent entity has no additional contractual commitments as at 30 June 2018.

NOTE 3: REVENUE AND EXPENSES

Revenue	2018	2017
	$	$
VWT revenue – rendering of services	13,221,607	11,047,575
Other sales	658,922	1,223,506
	13,880,529	12,271,081

Other sales revenue relates to cafeteria income, merchandise income and sub-let income.

Other Income		
Grant Income	176,220	24,875
Other	220,533	20,603
	396,753	45,478

Included in the expenses are the following:

a) Selling and Marketing Expenses	2018	2017
	$	$
Marketing expenses	861,722	770,305
Employment expenses	4,321,547	3,960,884
	5,183,269	4,731,189

b) Administrative Expenses	2018	2017
	$	$
Depreciation and amortisation expenses	1,937,576	1,648,805
Occupancy expenses	1,434,800	1,313,899
Employment expenses	1,047,549	994,066
Share based payments	57,645	177,872
Directors' fees	125,417	220,290
	4,602,987	4,354,932

NOTE 4: INCOME TAX (EXPENSE)/BENEFIT

	2018	2017
Income tax (expense)/benefit	**$**	**$**
Current income tax:		
Current income tax charge	104,482	25,259
Deferred tax:		
Relating to origination and reversal of temporary differences	(1,022,633)	125,690
Income tax (Expense)/ Benefit	(918,151)	150,949

A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the year ended 30 June 2018 is as follows:

	2018	2017
	$	**$**
Accounting loss before income tax	(9,222,431)	(1,042,239)
At the statutory income tax rate of 27.5% (2017: 30%)	(2,536,168)	(312,672)
Share of results of joint venture	81,500	-
Tax losses not recognised	1,666,342	-
Non-deductible expenses for tax purposes:		
Entertainment expenses	4,950	3,525
Share based payments	15,852	53,362
Amortisation expenses	28,141	51,164
Dispute settlement costs	971,507	
Impairment of AirRider brand	722,603	-
Other exempt income	(48,460)	-
Other non-deductible expenses	-	53,672
Effect of lower tax rates in Malaysia	11,884	-
Income Tax Expense/ (Benefit)	918,151	(150,949)
Deferred tax assets (timing difference) comprises of:		
Share issue costs	80,797	185,278
Accruals and provisions	1,168,691	408,299
Deferred tax asset (timing difference) brought to account	1,249,487	593,577
Deferred tax asset (tax losses) brought to account	-	1,574,061
Total deferred tax brought to account	1,249,487	2,167,638

The Group has tax losses that arose in Australia for which no deferred tax asset of $1,666,342 is recognised on the Statement of Financial Position. The tax losses are available indefinitely for offsetting against future taxable profits of the Group.

NOTE 5: CASH AND CASH EQUIVALENTS

	2018	2017
	$	**$**
Cash at bank and on hand	953,541	1,706,457
	953,541	1,706,457

NOTE 6: TRADE RECEIVABLES AND OTHER ASSETS

	2018	2017
	$	$
Trade receivables	38,885	27,959
Other receivables	9,400	808,514
Prepaid expenses	57,188	81,304
	105,473	917,777

All amounts are short- term. The carrying value is considered a reasonable approximation of fair value. The Group's trade and other receivables have been reviewed for indicators of impairment. No impairment has been recognised and no receivables are past due.

NOTE 7: OTHER FINANCIAL ASSETS

	2018	2017
	$	$
Current	130,890	42,489
Non- current	197,440	209,245
	328,830	251,734

Other financial assets relate to costs associated with the bank loan facility. This financial asset is amortised over the period of the loan facility.

NOTE 8: PROPERTY PLANT AND EQUIPMENT

	2018	2017	2018	2017	2018	2017
	Cost		Depreciation		Carrying Value	
Vertical wind tunnel building Infrastructure						
Balance at Beginning of year	32,338,525	22,631,045	(1,354,288)	(767,506)	30,984,237	21,863,539
Acquisitions / depreciation	28,446	8,262,704	(804,106)	(586,782)	(775,660)	7,675,922
Disposals / transfers	55,373	1,444,776	-	-	55,373	1,444,776
Balance at end of year	32,422,344	32,338,525	(2,158,394)	(1,354,288)	30,263,950	30,984,237
Vertical wind tunnel equipment						
Balance at Beginning of year	12,763,735	7,401,038	(1,058,479)	(464,051)	11,705,256	6,936,987
Acquisitions / depreciation	83	193,085	(701,621)	(594,428)	(701,538)	(401,343)
Disposals / transfers	-	5,169,612	-	-	-	5,169,612
Balance at end of year	12,763,818	12,763,735	(1,760,100)	(1,058,479)	11,003,718	11,705,256

NOTE 8: PROPERTY PLANT AND EQUIPMENT (CONT)

	2018	2017	2018	2017	2018	2017
	Cost		Depreciation		Carrying Value	
IT Equipment						
Balance at Beginning of year	666,502	491,266	(222,694)	(94,139)	443,808	397,127
Acquisitions / depreciation	21,911	173,611	(145,402)	(128,555)	(123,491)	45,056
Disposals / transfers	254,242	1,625	-	-	254,242	1,625
Balance at end of year	942,655	666,502	(368,096)	(222,694)	574,559	443,808
Furniture and fittings						
Balance at Beginning of year	598,281	461,202	(227,723)	(118,687)	370,558	342,515
Acquisitions / depreciation	34,322	294,490	(106,449)	(165,806)	(72,127)	128,684
Disposals / transfers	-	(157,411)	-	56,770	-	(100,641)
Balance at end of year	632,603	598,281	(334,172)	(227,723)	298,431	370,558
Office Equipment						
Balance at Beginning of year	21,268	300	(4,034)	(27)	17,234	273
Acquisitions / depreciation	729	20,968	(7,297)	(4,007)	(6,568)	16,961
Disposals / transfers	-	-	-	-	-	-
Balance at end of year	21,997	21,268	(11,331)	(4,034)	10,666	17,234
Capital Work in Progress						
Balance at Beginning of year	444,599	8,529,771	-	-	444,599	8,529,771
Acquisitions / depreciation	-	444,599	-	-	-	444,599
Disposals / transfers	(444,599)	(8,529,771)	-	-	(444,599)	(8,529,771)
Balance at end of year	-	444,599	-	-	-	444,599
Total						
Balance at Beginning of year	46,832,910	39,514,622	(2,867,218)	(694,277)	43,965,692	38,070,212
Acquisitions / depreciation	85,491	9,389457	(1,764,875)	(1,479,578)	(1,679,384)	7,909,879
Disposals / transfers	(134,984)	(2,071,169)	-	56,770	(134,984)	(2,014,399)
Balance at end of year	46,783,417	46,832,910	(4,632,093)	(2,867,218)	42,151,324	43,965,692

NOTE 9: INTEREST IN SUBSIDIARIES

Set out below are the Group's subsidiaries at 30 June 2018. 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.

Subsidiaries	Country of Incorporation	2018 %	2017 %
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 Holdings Pty Ltd	Australia	100	100
ISA Asia Operations Pty Ltd	Australia	100	100

NOTE 10: INTEREST IN JOINT VENTURE ENTITIES

a) The Group has a 40% interest in LeisureWorld Assets Sdn. Bhd., a joint venture involved in owning an indoor skydive facility in Kuala Lumpur, Malaysia. The Group's interest in LeisureWorld Assets Sdn. Bhd. is accounted for using the equity method.

b) The Group has a 60% interest in LeisureWorld Escapades Sdn. Bhd., a joint venture operating and managing the indoor skydive facility in Kuala Lumpur, Malaysia officially launched on 24 January 2018. The Group's interest in LeisureWorld Escapades Sdn. Bhd. is accounted for using the equity method.

The following table illustrates the summarised financial information of the Group's 40% investment in LeisureWorld Assets Sdn. Bhd. and 60% investment in LeisureWorld Escapades Sdn. Bhd:

	30 June 2018	
	LeisureWorld Assets Sdn. Bhd	**LeisureWorld Escapades Sdn. Bhd**
Current assets	4,581,349	321,278
Non-current assets	5,425,005	6,494
Current liabilities	44,653	197,492
Non-current liabilities	9,474,211	111,392
Equity	487,490	18,888
Group's carrying value of the investment	194,996	11,333

	Period from 24 January 2018 to 30 June 2018	
	LeisureWorld Assets Sdn. Bhd	**LeisureWorld Escapades Sdn. Bhd**
Revenue	184,891	349,257
Cost of sales	-	(136,871)
Administration expenses	(300,179)	(624,345)
Finance costs	(115,732)	-
Loss before tax	(231,020)	(411,959)
Income tax benefit	-	-
Loss for the period	(231,020)	(411,959)
Group's share of the loss for the period	(92,408)	(247,175)

NOTE 11: INTANGIBLE ASSET

	Development Costs $	Exclusive Territory Development Agreement $	Total $
Cost			
At 1 July 2016	-	1,500,000	1,500,000
Additions – Internally developed	517,477	-	517,477
At 30 June 2017	517,477	1,500,000	2,017,477
Additions – Internally developed	1,457,040	-	1,457,040
Transfer to Property, Plant and Equipment	(254,242)	-	(254,242)
At 30 June 2018	**1,720,275**	**1,500,000**	**3,220,275**
Amortisation			
At 1 July 2016	-	1,073,622	1,073,622
Amortisation	-	170,551	170,551
At 30 June 2017	-	1,244,173	1,244,173
Amortisation	-	102,331	102,331
Impairment	1,455,925	153,496	1,609,421
At 30 June 2018	**1,455,925**	**1,500,000**	**2,955,925**
Net Book Value			
At 30 June 2018	**264,350**	**-**	**264,350**
At 30 June 2017	517,477	255,827	773,304

The Exclusive Territory Development Agreement was entered into during the 2014 year and was valued at cost.

An accelerated amortisation rate of 40% has been used against the Exclusive Territory Development Agreement intangible asset, amortised from 20 December 2013.

In the current year, the Group has fully impaired the carrying value of the Exclusive Territory Development Agreement.

Development expenditure on individual projects are recognised as an intangible asset when the Group can demonstrate that the asset will generate future economic benefits and can be reliably measured. Refer to Note 1(d).

The impairment of the development cost in the current year related to the AirRider brand which has been fully impaired. The carrying value of the development cost relates to the cost incurred in relation to projects initiated in China.

NOTE 12: TRADE AND OTHER PAYABLES

	2018	2017
	$	$
Trade payables	1,267,853	407,894
Other accruals	2,729,847	1,247,170
Other payables	-	2,000,000
	3,997,700	3,655,064

Other payable relates to amounts owing to iFLY Australia Pty Ltd under their rights under the Exclusive Territory Development Agreement. Under the Deed of Settlement with SkyVenture International Limited, other payable of $2,000,000 has been included in the promissory note and included as part of dispute settlement provision.

NOTE 13: DEFERRED REVENUE

	2018	2017
	$	$
Deferred revenue	1,231,797	1,907,300
	1,231,797	1,907,300

Deferred revenue primarily represents prepaid sales in respect of flight time purchased in advance. The sales are released to revenue at the time the services are rendered or gift card revenue is recognised in accordance with historical redemption rates.

NOTE 14: BORROWINGS

	2018 $	2017 $
Current Liabilities		
Westpac debt facility (a)	1,886,317	472,312
	1,886,317	472,312
Non - Current Liabilities		
Westpac debt facility (a)	7,581,123	10,267,198
Loan from Birkdale Holdings (QLD) Pty Ltd (b)	1,500,000	-
	9,081,123	10,267,198

a) 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.

b) The company has in place a loan facility of $3,000,000 with Birkdale Holdings (QLD) Pty Ltd, a company associated with Steve Baxter, Director of Indoor Skydive Australia Group Limited, with an undrawn amount of $1,500,000 at year end. The term of the loan is 24 months with full repayment at expiry.

NOTE 15: PROVISIONS

	2018	2017
	$	$
Current Provisions	425,288	276,558
Non Current Provisions	6,338,337	818,289
Total	6,763,625	1,094,847

	Provision for Dispute Settlement	Provision for Employee Benefits	Provision for Lease Straight Lining	Provision for Site Restoration	Provision for Onerous Lease	Total Provisions
	$	$	$	$	$	$
Carrying amount 1 July 2017	**-**	**223,970**	**648,222**	**222,655**	**-**	**1,094,847**
Additional provisions	3,532,751	262,891	-	19,438	100,000	3,915,080
Transfer from payables	2,000,000	-	-	-	-	2,000,000
Amount utilised	-	(215,386)	(30,916)	-	-	(246,302)
Carrying amount 30 June 2018	**5,532,751**	**271,475**	**617,306**	**242,093**	**100,000**	**6,763,625**
Current	**-**	**268,985**	**35,168**	**21,135**	**100,000**	**425,288**
Non-current	**5,532,751**	**2,490**	**582,138**	**220,958**	**-**	**6,338,337**
Carrying amount 1 July 2016	**-**	**195,260**	**575,087**	**1,581,770**	**-**	**2,352,117**
Additional provisions	-	345,819	101,641	62,693	-	510,153
Change in estimates	-	-	-	(1,421,808)	-	(1,421,808)
Amount utilised	-	(317,109)	(28,506)	-	-	(345,615)
Carrying amount 30 June 2017	**-**	**223,970**	**648,222**	**222,655**	**-**	**1,094,847**
Current	**-**	**223,970**	**33,151**	**19,437**	**-**	**276,558**
Non-current	**-**	**-**	**615,072**	**203,218**	**-**	**818,289**

a) Provisions for Employee Benefits

The current portion for this provision includes the total amount accrued for annual leave entitlements that have vested due to employees having completed the required period of service.

b) Provision for Lease Straight Lining

Rental lease payments for operating the wind tunnels are expensed on a straight lining basis. All unamortised lease incentives in the form of rent free periods are recognised as provision. This provision is reduced by allocating lease payments between rental expenses and reduction of the provision over the remaining term of the lease.

c) Provision for Site Restoration

This provision relates to present value of expected site restoration costs for three tunnels. These costs are projected forward to an extended lease period of 40 years using 2.5% inflationary escalation and discounted to present value at 8.73% after consideration of the associated risks.

NOTE 16: SHARE CAPITAL

	2018	2017
	$	$
136,696,514 (2017: 135,884,625) fully paid ordinary shares	42,803,385	42,459,363
Share issue costs	(1,992,446)	(1,992,446)
	40,810,939	40,466,917

	2018	2017
a. Ordinary Shares	**No.**	**No.**
At the beginning of the reporting period	135,884,625	120,193,004
· Shares issued during the period	-	14,907,909
· Performance rights exercised	811,889	783,712
	136,696,514	135,884,625

	2018	2017
b. Performance Rights	**No.**	**No.**
At the beginning of the reporting period:	811,889	1,845,496
Performance rights issued during the year	-	-
Performance rights lapsed during the year	-	(249,895)
Performance rights exercised during the year	(811,889)	(783,712)
	-	811,889

Performance rights are provided to certain employees (including key management personnel) via the Indoor Skydive Australia Group Limited Performance Rights Plan. The fair value is measured at grant date and is recognised over the period the services are received, which is the vesting period upon which the employees would become entitled to exercise the performance rights.

c. Capital Management

The Board controls the capital of the Group in order to generate long-term shareholder value and to ensure that the Group can fund its operations and continue as a going concern. The Board assesses the Group's capital requirements based on the Company's stage of operations, having regard to available debt funding and equity funding and seek to maintain a capital structure based on the lowest cost of capital available to the Group. The Board achieves this through the internal generation of capital and the management of debt levels and, if necessary, share issues.

NOTE 17: CAPITAL AND LEASING COMMITMENTS

a) Operating Lease Commitments	2018 $	2017 $
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable – minimum lease payments:		
- Not later than 12 months	861,571	857,821
- Between 12 months and five years	3,072,662	3,170,156
- Later than five years	24,063,733	24,856,067
	27,997,966	28,884,044

The Group has entered into operating leases for occupancy of the vertical wind tunnels with extended lease terms of 40 years.

b) Capital Commitments		
Subsidiary capital commitments contracted for but not recognised in the financial statements	-	-
	-	-

NOTE 18: CASH FLOW INFORMATION

	2018	2017
	$	$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(10,140,582)	(891,290)
Non-cash flows in loss:		
- Share based payments	57,645	177,872
- Impairment	2,627,648	-
- Share of loss from joint venture	339,583	-
- Unwind of make good discount	19,438	(20,968)
- Depreciation expense	1,764,875	1,434,796
- Amortisation expense	172,701	214,009
Changes in assets and liabilities:		
- (increase)/decrease in trade and term receivables	(10,926)	20,361
- (increase)/decrease in prepaid expenses	24,116	374,196
- (increase)/decrease in other financial assets	(160,351)	(229,830)
- (increase)/decrease in deferred tax asset	918,151	(150,948)
- increase/(decrease) in trade payables and accruals	2,296,270	227,428
- increase/(decrease) in deferred revenue	(675,503)	890,861
- increase/(decrease) in provisions	3,646,848	101,845
Cash flow provided by operations	879,913	2,148,332

Other Non-Cash Transactions		
Capital expenditure	1,369,687	9,906,934
Depreciation & Amortisation	1,937,576	1,648,805
Other non-cash expense	57,645	177,872

NOTE 19: RELATED PARTY TRANSACTIONS

a. The Group's main related parties are as follows:

(i) *Entities exercising control over the Group:*

The ultimate parent entity is Indoor Skydive Australia Group Ltd.

(ii) *Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to the Remuneration Report.

(iii) *Entities subject to significant influence by the Group:*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement. There are no such entities in the Group.

(iv) *Other related parties:*
Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

- The entities disclosed in Note 9 are 100% owned subsidiary companies of the parent entity. Refer to Note 9 for further details.

b. Transactions with related parties:

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this Note.

During the year, a loan facility of $3,000,000 was made available from Birkdale Holdings (QLD) Pty Ltd, a company controlled by Steve Baxter, Non-Executive Director of Indoor Skydive Australia Group Limited. The drawn balance at 30 June 2018 was $1,500,000.

As part of the loan agreements ISA Group has agreed to issue 6,000,000 options with an exercise price of $0.25 and an expiry date of 2 years from date of issue. The issue of the options is subject to shareholder approval which will be sought at the FY2018 Annual General Meeting.

The loan facility has been on an arm's length basis with term of 2 years and is supported by a second ranking general security agreement. This facility has been approved by Westpac primary financier of ISA Group.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no related party transactions during the comparative year.

c. Key Management Personnel Compensation

The Key Management Personnel compensation included in employment expenses is as follows:

	Consolidated Entity		Company	
	2018	2017	2018	2017
	$	$	$	$
Short term employee benefits	1,076,798	1,185,424	1,076,798	1,185,424
Post employment benefits	85,728	89,817	85,728	89,817
Share based payments	57,644	133,710	57,644	133,710
	1,220,170	1,408,951	1,220,170	1,408,951

NOTE 20: SHARE BASED PAYMENTS

Year Ended 30 June 2018

Under the Employee Incentive Option Plan, awards are made to executives who have an impact on the Group's Performance. Employee Incentive Option awards are delivered in the form of options over shares which vest over a period of three years subject to meeting performance measures. The group uses share price as the performance measure.

The fair value of share options granted is estimated at the date of grant using a Black-Scholes valuation model, taking into account the terms and conditions upon which the share options is equal to 145% of the volume weighted average market price of shares on ASX for up to 5 trading days. The contracted term of the share options is four years and there are no cash settlement alternatives for the employees.

The following table illustrates the reconciliation of share options during the year:

	Numbers of Share Options
Outstanding as at 1 July 2017	-
Granted during the year	4,150,000
Forfeited during the year	(650,000)
Outstanding as at 30 June 2018	3,500,000

The following table lists the inputs to the model used for the Employee Incentive Option Plan for the year ended 30 June 2018:

	24 Aug 2018	21 Nov 2018
Fair Value at grant/approval date (weighted average)	$0.24	$0.17
Share Price at grant/approval date	$0.24	$0.17
Exercise Price	$0.35	$0.35
Expected Volatility	50%	50%
Expected life (weighted average number of days)	1,460	1,460
Expected dividends	0%	0%
Risk-free rate (weighted average)	2.66%	2.66%

Year Ended 30 June 2017

On 27 November 2013 shareholders approved the Indoor Skydive Australia Group Limited Performance Rights Plan (Plan) at the 2013 Annual General Meeting. The Plan allows for the grant of performance rights to Directors and employees as part of the Company's remuneration strategy. The performance rights carry neither rights to dividends, nor voting rights and may be exercised at any time from the date of vesting to the date of their expiry.

(i) Equity-Settled Share-Based Payment Arrangements

The fair value of equity instruments granted under the Plan has been, where appropriate, calculated using a binominal approximation option pricing model. Service and non-market performance conditions attached to the approvals or grants were not taken into account in determining the fair value.

The inputs used in the calculation of the fair value at grant (or approval) date of the Equity-settled share-based payments were as follows:

	27 November 2013	7 July 2014	7 July 2015	27 Oct 2015
Fair Value at grant/approval date (weighted average)	$0.59	$0.68	$0.47	$0.38
Share Price at grant/approval date	$0.59	$0.68	$0.47	$0.47
Exercise Price	$0.00	$0.00	$0.00	$0.00
Expected Volatility	50%	50%	50%	50%
Expected life (weighted average number of days)	956	358	730	619
Expected dividends	0%	0%	0%	0%
Risk-free rate (weighted average)	2.95%	2.58%	2.20%	2.83%
5 day VWAP	n/a	$0.68	$0.47	n/a

Reconciliation of outstanding share options

The number and weighted-average exercise prices of equity instruments granted under the Plan were as follows:

	Number of rights	Weighted-average exercise price
Outstanding at 30 June 2017	811,889	-
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	(811,889)	-
Outstanding as at 30 June 2018	-	-

NOTE 21: SEGMENT INFORMATION

General Information

Identification of reportable segments

The Group's operations are in one segment being the construction and operation of indoor skydiving facilities. The Group operates in one segment being Australia. All subsidiaries in the Group operate within the same segment. All three tunnels have been aggregated to one operating segment.

Types of Products and Services by Segment

The products and services will include a number of indoor skydiving facilities allowing human flight within a safe environment used by tourists, enthusiasts and military.

NOTE 22: FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The Board of Directors for, among other issues, manages financial risk exposures of the Group. The Board monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, liquidity risk and interest rate risk. The Board meets on a regular basis.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk).

There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Group.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise assessed as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

No collateral is held by the Group securing receivables.

The Group only has significant concentrations of credit risk with any single counterparty in the form of its bankers, and therefore significant credit risk exposures to Australia.

There are no trade and other receivables that are past due nor impaired.

Credit risk related to balances with banks and other financial institutions is managed by the Board. which requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA–.

The following table provides information regarding the credit risk relating to cash and term deposits based on Standard & Poor's counterparty credit ratings.

	2018 $	2017 $
Cash and Term Deposits:		
Cash at bank and on hand	953,541	1,706,457
	953,541	1,706,457

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow forecasts in relation to its operating, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet it liabilities when they become due.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

NOTE 22: FINANCIAL RISK MANAGEMENT (CONT)

Financial liability and financial asset maturity analysis for the Consolidated Group.

	Within 1 Year		1-5 Years		Over 5 Years		Total	
	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $
Financial liabilities due for payment								
Borrowings	1,886,317	472,312	9,081,123	10,267,198	-	-	10,967,440	10,739,510
Trade and other payables*	3,997,700	1,655,064	-	-	-	-	3,997,700	1,655,064
Total contractual outflows	5,884,017	2,127,376	9,081,123	10,267,198	-	-	14,965,140	12,394,574
Total expected outflows	5,884,017	2,127,376	9,081,123	10,267,198	-	-	14,965,140	12,394,574
Financial assets – cash flows realisable								
Cash and cash equivalents	953,541	1,706,457	-	-	-	-	953,541	1,706,457
Trade and other receivables	105,473	917,777	-	-	-	-	105,473	917,777
Total anticipated inflows	1,059,014	2,624,234	-	-	-	-	1,059,014	2,624,234
Net inflow on financial instruments	(4,825,003)	496,858	(9,081,123)	(10,267,198)	-	-	(13,906,126)	(9,770,340)

Refer to Note 1 Basis of Accounting for matters that have been considered by the directors in determining the appropriateness of the going concern basis for the preparation of the financial statements.

*Trade and other payables for 2017 financial year excludes SkyVenture investment balance of $2,000,000.

c. Market risk

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is not exposed to earnings volatility on floating rate instruments.

The financial instruments that primarily expose the Group to interest rate risk are borrowings, cash and cash equivalents and term deposits.

Interest rate risk is managed using a mix of fixed and floating rate debt where possible.

(ii) *Foreign exchange risk*

Most of the Group's transactions are carried out in AUD. Exposures to currency exchange rates primarily arise from the purchase of vertical wind tunnel equipment from SkyVenture International, which is denominated in US dollars.

To mitigate the Group's exposure to foreign currency risk, non-AUD cash flows are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies. Forward exchange contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other currency transactions. Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

(iii) *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or currency risk) for commodities.

The Group is not exposed to commodity price risk. The Group is not exposed to securities price risk on investments held for trading over the medium to longer terms.

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates, and exchange rates. In respect of the exchange rates, the table summarises the sensitivity of the balance of financial instruments held at the reporting date to movement in the exchange rate of the US dollar to the Australian dollar, with all other variables held constant. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

NOTE 22: FINANCIAL RISK MANAGEMENT (CONT)

	Profit $	Equity $
Year ended 30 June 2018		
+/–1% in interest rates	100,291	100,291
+/–10% in devaluation of the AUD	541,419	541,419
Year ended 30 June 2017		
+/–1% in interest rates	107,395	107,395
+/–10% in devaluation of the AUD	26,847	26,847

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year. These movements are considered to be reasonably possible based on observation of current market conditions.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group.

Most of these instruments, which are carried at amortised cost (i.e. term receivables, held-to-maturity assets, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Group.

		2018		2017	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Consolidated Group		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	953,541	953,541	1,706,457	1,706,457
Trade and other receivables	(i)	105,473	105,473	917,777	917,777
Total financial assets		1,059,014	1,059,014	2,624,234	2,624,234
Financial liabilities					
Trade and other payables	(i)	3,997,700	3,997,700	3,655,064	3,655,064
Borrowings	(ii)	10,967,440	10,967,440	10,739,510	10,739,510
Total financial liabilities		14,965,140	14,965,140	14,394,574	14,394,574

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, term deposits, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.

(ii) Debt is recorded at the current carrying value which is considered equivalent to fair value.

NOTE 23: AUDITOR'S REMUNERATION

	Remuneration of the auditor for:	2018	2017
		$	$
–	Audit fees	55,300	62,500
–	Half year review	27,550	25,500
–	Taxation compliance	5,000	5,300
–	Other advisory services	2,500	2,500
		90,350	95,800

The Group had a change in auditors. The auditor for financial year 2017 and half year 2018 was Grant Thornton. The auditor for financial year 2018 was Felsers, Chartered Accountants.

NOTE 24: EARNINGS PER SHARE

		2018 Cents	2017 Cents
Earnings per share (cents per share)			
From continuing operations:			
-	basic earnings per share	(7.42)	(0.68)
-	diluted earnings per share	(7.42)	(0.68)

		2018 $	2017 $
a.	Reconciliation of earnings to profit or loss:		
	Loss	(10,140,582)	(891,290)
	Earnings used to calculate basic EPS	(10,140,582)	(891,290)
	Earnings used in the calculation of dilutive EPS	(10,140,582)	(891,290)

		No.	No.
b.	Weighted average number of ordinary shares for basic EPS	136,640,752	131,633,571
	Weighted average number of ordinary shares for diluted EPS	139,818,500	136,633,571

All performance rights on issue at 30 June 2018 are anti-dilutive.

NOTE 25: EVENTS AFTER REPORTING DATE

On 19 July 2018, ISA Group received a partial final arbitral award from the Arbitrator of the dispute with SkyVenture International Limited. The award addressed the question of liability only and did not address remedy, costs or any quantum. After receipt of the award ISA Group and SkyVenture International Limited agreed to a settlement which addressed all issues between them.

The settlement provides for ISA Group to pay SkyVenture for its legal costs, to transfer all ownership in the AirRider brands and economic benefits associated with the Malaysian facility to SkyVenture. SkyVenture has committed under the settlement to supply ISA Group with specialist vertical wind tunnel equipment at preferential prices to support ISA Group's future growth.

The settlement is funded by Promissory Notes for US$3,789,933 from SkyVenture International Limited. The loans under the promissory notes have a 2-year term with the first year comprising interest payments only. For so long as ISA Group is listed, up to US$1,619,219.99 of the loan amount may be converted into ISA Group ordinary shares from 60 days after the effective date of the note at a conversion price of US$0.079. The maximum number of shares that may be issued on conversion is 20,496,455 which is within ISA Group's capacity to issue under Listing Rules 7.1.

Other than above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

NOTE 26: CONTINGENT LIABILITIES

The Group does not have any contingent liabilities at the reporting date.

DIRECTORS' DECLARATION For the year ended 30 June 2018

In the opinion of the Directors of Indoor Skydive Australia Group Limited:

a. the financial statements and notes, as set out on pages 24 to 62, are in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of the financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

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

b. There are reasonable grounds to believe that Indoor Skydive Australia Group Limited will be able to pay its debts as and when they become due and payable.

Note 1 includes a statement that the financial statements also comply with International Financial Reporting Standards.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2018.

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

For and on behalf of the Board

Wayne Jones
Director and Chief Executive Officer
26 September 2018
Sydney

Accru+
Felsers

Independent Audit Report to the members of Indoor Skydive Australia Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the 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 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue – Note 1 (s)(iv), 3, 13	
The group recognised revenue derived from the sales of goods and services as well as the sale of prepaid gift cards. Wind Tunnel Revenue for the year ended 30 June 2018 was $13,221,607. It was noted that the point-of-sale system (Siriusware) used to record and track revenue receipts is not integrated with the general ledger. We therefore considered revenue to be a key audit matter given the potential for revenue to be materially misstated when posted via manual general ledger journal entries based off the monthly summary extracted from Siriusware. Our procedures were designed to corroborate our assessment that revenue should be closely aligned to actual cash banked and identify manual adjustments made to revenue for additional testing. A portion of the revenue attributable to gift card sales is recognised upfront using management's internal estimates of the historical redemption rates of the gift cards. As at 30 June 2018, gift card revenue or 'breakage' of $797,913 was recognised along with a corresponding deferred revenue balance of $1,231,797. Given the management judgement and inherent subjectivity in the development and application of appropriate accounting policies in compliance with Australian Accounting Standards as well as adherence to proper cut-off procedures as to the timing of the revenue, we believe this constitutes a key audit matter.	Our audit procedures included, among others: • Assessing whether the Group's revenue recognition policies were in compliance with Australian Accounting Standards • Evaluating the operating effectiveness of revenue recognition • Testing the appropriateness and accuracy of general ledger revenue journals • Reviewing the mathematical accuracy of management's calculation of the gift card revenue recognised and tracing a sample of general journals posted to supporting documentation; • Evaluating the reasonableness of management's estimates relating to gift card breakage rates including corroborating management's assertions to historical redemption rates; and • Performing testing on a sample of sales at year end to determine that the revenues recorded relate to the appropriate period.
Recovery of deferred tax assets – Note 1(s)(ii), 4	
In accordance with Australian Accounting Standards, deferred tax assets can only be recognised to the extent that it is probable sufficient future taxable profits will be generated to utilise the benefits associated with the deferred tax assets through reductions in the tax payable in future reporting periods. Gross deferred tax assets of the Group for the year ended 30 June 2018 amounted to $1,249,487, all arising from future deductible temporary differences have been recognised. Due to several years of losses, the directors have deemed it prudent not to recognise a deferred tax asset of $1,666,342 on tax losses. The balance of unused tax losses may be recouped in future years. Given the material amount of deferred tax assets recognised or unrecognised and the judgement required in determining their recoverability in accordance with the Australian Accounting Standards, we believe this constitutes a key audit matter.	Our audit procedures included, among others: • reviewing the tax calculations prepared by the Group; • evaluating the key assumptions used by the Group to determine its tax balances; • involving our taxation specialists to assist in the assessment of the determination of the tax bases; • evaluating the assessment of the recoverability of its deferred tax assets; and • assessing the Group's taxation disclosures.

Key audit matter	How our audit addressed the key audit matter
Impairment of non-current assets – Note 8, 11	
As at 30 June 2018, the carrying amount of the group's intangible assets totalled $264,350 and property, plant and equipment totalled $42,151,324. Based on the Group's assessment of both external and internal indicators of impairment, a resulting impairment charge of $2,627,648 was posted to the Statement of Profit or Loss relating to the cash-generating unit (CGU) of the Group's AirRider Brand, Malaysia. We focused on this area due to the size of the intangible and PPE balances and because the director's assessment of the value in use (VIU) of the CGU's involves inherent judgement and subjectivity as to the future cash flows and discount rates applied to them.	Our audit procedures included, among others: • Updating our understanding of managements procedures for annual impairment testing • Agreeing key assumptions such as discount rates and revenue growth to supporting documentation and reasonableness when compared with industry averages and trends. • Comparing cash flow projections to historical performance and observable trends corroborating any deviations to third party evidence where applicable
Provision for site restoration – Note 1 (s)(v), 15	
The Group entered into long term lease agreements at each of their tunnel facilities – Penrith, Gold Coast and Perth. There is a contractual obligation that the Group is responsible for restoring the site to its original condition at the conclusion of the lease. The Group has recognised a provision of $242,093 for the site restoration as at 30 June 2018 in accordance with AASB 137 *Provision, Contingent Liabilities and Contingent Assets.* This is a key audit matter due to the inherent complexity in estimating future restoration costs, particularly those that are forecast to be incurred several years in the future.	Our audit procedures included, among others: • Reviewing the mathematical accuracy of the Group's calculation; • Evaluating the key assumptions used by the Group in calculating the provision including the inputs to calculate the discount factor; • Reading the terms of the lease agreements to verify the Group's rights and obligations; • Reviewing qualification and experience of Management's expert in relation to the valuation of the restoration costs at their presents value to use as the basis of the estimate; and • Assessing the adequacy of the financial statement disclosure.
Basis of Accounting - Note 1	
In accordance with the Australian Accounting Standards, when assessing whether the going concern assumption is appropriate, management is required to consider all information about the future encompassing at the least twelve months from the end of the reporting period. The assessment is largely based on the assumptions made by directors in formulating cash flow forecasts, with key assumptions including the timing of the future cash flows, operating results, capital raising activities, any potential sale of assets and any capital commitments.	Our audit procedures included, among others: • Evaluation of the underlying data used as the basis of cash flow projections prepared by management and those charged with governance; • Analysing the impact of potential changes in projected cash flows and their timing, to the projected periodic cash positions • Assessing the resulting impact on the ability of the Group to pay debts as and when they fall due and the Group's ability to continue as a going concern; • Recalculation of the ability to meet debt covenant ratios attached to existing facilities on the basis of budgeted and forecasted figures prepared by management and those charged with governance • Obtaining and reviewing correspondence between existing financiers and the Group to determine the options available to the Group inclusive of variable debt facilities • Evaluating the Group's disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans, and accounting standard requirements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included on pages 13 to 21 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Indoor Skydive Australia Group Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Felsers

Felsers
Chartered Accountants

Michael Kersch
Partner

Sydney
26 September 2018

A First Timer Flyer Masters Her Solo Skills

ADDITIONAL INFORMATION

The following information is current as at 5 September 2018:

1. **Shareholder Information**
Distribution of Shareholders

Category (size of holding):	Number	Ordinary Shares
1 – 1,000	40	17,454
1,001 – 5,000	97	256,455
5,001 – 10,000	69	599,254
10,001 – 100,000	247	8,930,442
100,001 and over	76	126,892,909
	529	136,696,514

The number of shareholdings held in less than marketable parcels is 126.
The names of the substantial shareholders listed in the holding company's register are:

Shareholder:	Number of Shares	% of Issued Capital
Birkdale Holdings (QLD) Pty Ltd	17,039,475	12.47
Excalib-Air Pty Ltd	16,060,000	11.97
Challenger Limited	15,213,222	11.13
LHC Capital Partners Pty Ltd	10,792,523	7.94
CVC Limited	10,528,274	7.7
Paradice Investment Management Pty Ltd	8,826,251	6.58
Commonwealth Bank of Australia	7,750,431	5.67

Voting Rights
ISA Group has 136,696,514 ordinary shares on issue which are listed on the ASX. The voting rights attached to each ordinary share is one vote per share when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

ISA Group also has 3,500,000 options on issue which are not listed on the ASX. Options do not give a holder the right to vote at any meeting of ISA Group or to participate in any share issues.

20 Largest Shareholders – Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
BIRKDALE HOLDINGS (QLD) PTY LTD	17,039,475	12.465
EXCALIB-AIR PTY LTD	16,060,000	11.749
NATIONAL NOMINEES LIMITED	15,140,261	11.076
CITICORP NOMINEES PTY LIMITED	12,739,938	9.320
CVC LIMITED	10,528,274	7.702
UBS NOMINEES PTY LTD	9,300,000	6.803
J P MORGAN NOMINEES AUSTRALIA LIMITED	8,642,768	6.323
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,927,540	4.336
QUAD INVESTMENTS PTY LTD	2,916,667	2.134
PROJECT GRAVITY PTY LTD <THE JONES FAMILY A/C>	2,627,307	1.922
LYNDCOTE SUPER PTY LTD <LYNDCOTE SUPER FUND A/C>	2,521,667	1.845
IFLY AUSTRALIA PTY LIMITED	2,500,000	1.829
AUSTRALIAN INDOOR SKYDIVING PTY LTD <THE HOGAN FAMILY A/C>	2,187,833	1.601
BNP PARIBAS NOMS PTY LTD <DRP>	1,281,390	0.937
SABRE ONE INVESTMENTS PTY LTD <BAHUR FAMILY A/C>	1,001,277	0.732
DRILL INVESTMENTS PTY LTD	1,000,000	0.732
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	891,474	0.652
NULIS NOMINEES (AUSTRALIA) LIMITED <NAVIGATOR MAST PLAN SETT A/C>	757,000	0.554
SANDHURST TRUSTEES LTD <EQUIT INV DRAGONFLY A/C>	688,834	0.504
MR ALISTAIR DAVID STRONG	600,000	0.439
MR DAVID C SCICLUNA & MR ANTHONY A SCICLUNA <SCICLUNA 1913 UNIT A/C>	600,000	0.439
	114,951,705	**84.093**

ADDITIONAL INFORMATION

2. The name of the company secretary is Salesh Nischal and Fiona Yiend.

3. The address of the principal registered office in Australia is Level 2, 201 Miller Street North Sydney NSW 2060 Telephone 02 9325 5900.

4. The Register of Securities is held at Grosvenor Place, Level 12, 225 George Street, Sydney NSW 2000.

5. **Stock Exchange Listing**
   Quotation has been granted for all 136,696,514 ordinary shares of ISA Group on all Member Exchanges of the Australian Securities Exchange Limited.

6. **Unquoted Securities**
   ISA Group has 3,500,000 incentive options on issue to 4 eligible employees and executive directors. The incentive options are subject to vesting conditions relating to tenure, have an exercise price of $0.35 and expire on 23 August 2021.

   On 24 September 2018 ISA Group entered into loan agreements with SkyVenture which included a right to convert amounts outstanding under the loans into ISA Group shares. For so long as ISA Group is listed, SkyVenture may convert up to US$1,619,219.99 of the loan into ordinary shares at a conversion price of US$0.079. The maximum number of shares that may be issued on conversion is 20,496,455 which is within ISA Group's capacity to issue under Listing Rule 7.1.

Disability Ambassador Peter Pellegrini Takes Flight.









ISA GROUP
INDOOR SKYDIVE AUSTRALIA GROUP

Indoor Skydive Australia Group Ltd
Level 2, 201 Miller Street
North Sydney NSW 2060

www.indoorskydive.com.au