

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT

The Board of Directors of Sealink Travel Group Ltd has pleasure in submitting its report in respect of the financial year ended 30 June 2012.

Directors

The names of the directors in office at the date of this report and during the year are: -

Mr. GM Ursini (Chairman)
Mr. FA Mann
Mr. CD Smerdon
Mr. JR Ellison
Mr. TJ Dodd
Mr. WT Spurr
Mr BJ Mayfield - Resigned 8th November, 2011
Mr A Russo - Resigned 8th November, 2011

Directors have been in office for the entire year unless otherwise stated.

Review of Operations

Sealink Travel Group's core business recorded a solid result despite the continued challenging tourism market conditions that have been present for some time now. This market continues to be affected by poor world economic conditions, a high Australian dollar as well as a lowering of the discretionary consumer spend experienced in Australia. All have contributed to a lower spend in the tourism market.

Unexpectedly, Sealink disposed of its New Zealand business arm in September 2011 after receiving what the Board considered to be a very attractive offer. A profit on sale of \$11,213,904 was recorded. The sale also enabled the Group to reduce its gearing as well as provide a further once off return to shareholders.

In November 2011 and following a very protracted process, Sealink finally crystallised its investment in the Captain Cook Cruises business. This process took several years and the Board is excited about this expansionary acquisition with Sealink spreading its geographic risk interstate and into an iconic business which services the major tourism entry point into Australia.

The net profit before tax from continuing operations for the financial year was \$5,535,008 (2011: \$6,841,682) representing a decrease of 19% from the previous year. However, included were once-off costs of \$702,534 associated with the acquisition of Captain Cook Cruises. Excluding these costs, net profit from continuing operations was \$6,237,542 down 10% on the previous financial year.

Although revenue increased by 54% as a result of the full year affect of Sealink Queensland (previously branded as Sunferries) and the acquisition of Captain Cook Cruises (7 months revenue contribution), higher costs driven by fuel and vessel maintenance saw the overall net profit decrease during 2012. Revenue in the Kangaroo Island Sealink business was flat over the previous period.

Cashflow remained strong for the year aided from the sale of New Zealand. Part of these proceeds have been returned to shareholders through 2 special dividends paid in November 2011 and April 2012.

Principal Activities

The principal activities of the economic entity constituted by the Company and its controlled entities, during the course of the year were ferry, cruise and tour operators, wholesale and retail travel agency and landholding.

Major changes in the business activities during the year –

- The business of Sealink New Zealand was sold with the Group now having all its operations in Australia;
- The business of Captain Cook Cruises was acquired in November 2011. This business comprises operating ferry services, cruises and sightseeing on Sydney Harbour, extended cruises on the Murray River on the vessel the Murray Princess and the operation of a Marina at Neutral Bay.
- On 15 August, 2011 the business of Skylink, an airport shuttle service, was discontinued through its sale.

Apart from the above, there were no significant changes in the nature of those activities during the financial year.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT (continued)

Future Developments

The Company is aiming to improve net profit for the coming year, as a result of-

- Increased contributions from Sealink Queensland through price increases and cost savings;
- Rationalisation of Captain Cook Cruises' cost base;
- A more structured and controlled ferry management program; and
- Centralised international sales activities allowing for broader product distribution.

Dividends

The following dividends of the economic entity have been paid, declared or recommended since the end of the preceding financial year:

	Cents per Ordinary Share	Amount
Interim fully franked dividend for 2012 paid 16 April 2012.	2.33	\$1,282,500
Special fully franked dividend for 2012 and paid 16 April 2012.	1.82	\$1,000,000
Special fully franked dividend for 2012 and paid 15 November 2011.	7.3	\$4,015,000
Final Dividend for the year ended 30 June 2011 as recommended and declared by the Directors 22 September 2011 and paid 26 October 2011.	2.7	\$1,485,000

Indemnification of Officers and Auditors

During the financial year, the Company renewed a contract insuring the directors of the Company (as named above), and all executive officers of the Company and of any related body corporate against a liability incurred in their capacity as directors, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability cover and the amount of the premium.

The Company is party to Deeds of Indemnity in favour of each of the Directors (with the exception of Mr. T. Dodd), referred to in this report who held office during the year and certain officeholders of the consolidated entity. The indemnities operate to the full extent permitted by law and are not subject to a monetary limit. Sealink is not aware of any liability having arisen, and no claims have been made, during or since the financial year ending 30 June 2012 under the Deeds of Indemnity.

Significant changes in the State of Affairs

On 24 November, 2011, Sealink Travel Group acquired the business of the iconic Sydney based tourism business of Captain Cook Cruises. The acquisition included 14 vessels based in Sydney and one in Mannum along with plant, all people, as well as a Marina at Neutral Bay, which is home base to various vessels in the Sydney fleet. Captain Cook's Fiji operation was not acquired and remains with the vendor. This acquisition has spread the Group's geographical risk as well as provide future strong sales opportunities across the Group.

On 30 September, 2011, the Company sold its shares in Sealink New Zealand Limited. The disposal allows the Company to focus solely on the Australian operations as well as provide a reduction to the Group's gearing levels.

Apart from the above, there have been no significant changes in the state of affairs of the economic entity during the year.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT (continued)

Significant Events after Balance Date

No events have occurred subsequent to year end (other than those events whose financial effects have already been brought to account) which would, in the absence of disclosure, cause the financial report to be misleading.

Share Options

Unissued shares

As at June 30 2012, there were 7,596,250 (2011; 7,565,000) unissued ordinary shares under options issued. There were 15,625 Class A and 15,625 Class B options issued during the year to management under the Sealink Travel Group Employee Options Plan.

Shares issued as a result of the exercise of options

No shares were issued as a result of the exercise of options.

No options over issued shares or interests in the Company or a controlled entity were granted during or since the end of the financial year.

Other

The economic entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

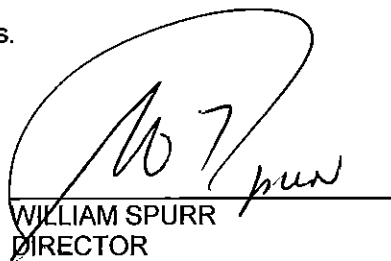
Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this report.

Signed in accordance with a resolution of the directors.
On behalf of the directors



GIULIANO URSINI
DIRECTOR



WILLIAM SPURR
DIRECTOR

Adelaide
Date: 18 September 2012

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2012

In accordance with a resolution of the directors of Sealink Travel Group Ltd, the directors state that:

1. In the opinion of the directors:

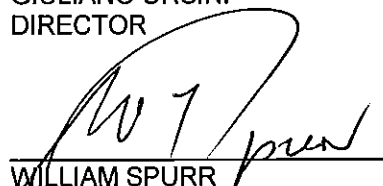
- a) The financial statements and notes of the Sealink Travel Group Ltd for the financial year ended 30 June 2012 are in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of its financial position as at 30 June 2012 and performance; and
 - ii. Complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1.
- c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2012.

On behalf of the Board



GIULIANO URSINI
DIRECTOR



WILLIAM SPURR
DIRECTOR

Adelaide

Date: 18 September 2012

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 30 JUNE 2012 \$	30 JUNE 2011 \$
Continuing Operations			
Revenue	2 (a)	79,018,282	51,303,021
Other income	2 (b)	<u>666,102</u>	<u>872,436</u>
Total income		79,684,384	52,175,457
 Direct operating expenses		 (59,533,583)	 (34,745,673)
Administrative expenses		(9,702,449)	(7,750,152)
Marketing and sales expenses		(2,515,258)	(1,955,773)
Acquisition Costs	2 (j)	(702,534)	(89,600)
Finance costs	2 (c)	(1,687,060)	(717,136)
Share option expense		<u>(8,492)</u>	<u>(75,441)</u>
Total expenses		(74,149,376)	(45,333,775)
Profit before tax from continuing operations		5,535,008	6,841,682
 Income tax expense	3	 <u>(1,700,774)</u>	 <u>(2,059,939)</u>
Profit for the year from continuing operations		<u>3,834,234</u>	<u>4,781,743</u>
 Discontinued Operations			
Net gain from sale of shares in Sealink New Zealand	30 (a)	11,213,904	-
Profit/(loss) after tax for the year from discontinued operations	30 (b), (c)	<u>(229,218)</u>	<u>751,336</u>
Profit for the year		14,818,920	5,533,079
 Other comprehensive income		 -	 -
 Total comprehensive income for the year, net of tax		<u>14,818,920</u>	<u>5,533,079</u>
 Profit for the period is attributable to:			
Non-controlling interest		-	(31,519)
Owners of the parent		<u>14,818,920</u>	<u>5,564,598</u>
 Total Comprehensive income for the period is attributable to:			
Non-controlling interest		-	(31,519)
Owners of the parent		<u>14,818,920</u>	<u>5,564,598</u>

Notes to and forming part of the financial statements are included on Pages 9 to 29

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	Consolidated	
		30 JUNE 2012	30 JUNE 2011
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	17(a)	1,575,493	966,042
Trade and other receivables	4	2,273,188	1,914,225
Inventories	5	1,008,256	301,867
Prepayments	6	1,406,777	1,041,279
Current tax receivable		<u>798,496</u>	<u>-</u>
TOTAL CURRENT ASSETS		<u>7,062,210</u>	<u>4,223,413</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	50,289,178	38,288,592
Intangible assets	8	6,801,211	6,801,211
Deferred tax assets	3	<u>1,721,559</u>	<u>777,982</u>
TOTAL NON-CURRENT ASSETS		<u>58,811,948</u>	<u>45,867,785</u>
TOTAL ASSETS		<u>65,874,158</u>	<u>50,091,198</u>
CURRENT LIABILITIES			
Trade and other payables	9	7,546,984	5,574,813
Interest bearing loans and borrowings	10	13,422,821	2,544,664
Current tax liabilities		-	286,632
Provisions	11	<u>3,395,566</u>	<u>1,959,070</u>
TOTAL CURRENT LIABILITIES		<u>24,365,371</u>	<u>10,365,179</u>
NON-CURRENT LIABILITIES			
Trade and other payables	12	235,266	278,844
Interest bearing loans and borrowings	13	11,137,617	17,002,376
Deferred tax liabilities	3	1,637,442	1,520,029
Provisions	14	<u>702,349</u>	<u>400,890</u>
TOTAL NON-CURRENT LIABILITIES		<u>13,712,674</u>	<u>19,202,139</u>
TOTAL LIABILITIES		<u>38,078,045</u>	<u>29,567,318</u>
NET ASSETS		<u>27,796,113</u>	<u>20,523,880</u>
EQUITY			
Contributed equity	15	8,751,000	8,751,000
Reserves	25	462,013	84,697
Retained earnings		<u>18,583,100</u>	<u>11,546,680</u>
Parent interests		27,796,113	20,382,377
Non-controlling interests	26	<u>-</u>	<u>141,503</u>
TOTAL EQUITY		<u>27,796,113</u>	<u>20,523,880</u>

Notes to and forming part of the financial statements are included on Pages 9 to 29

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

<u>Consolidated</u>	<u>Note</u>	<u>NON- CONTROLLING INTEREST</u>	<u>CONTRIBUTED EQUITY</u>	<u>RETAINED EARNINGS</u>	<u>RESERVES</u>	<u>TOTAL</u>
		\$	\$	\$	\$	\$
Balance at 1st July, 2010		173,022	2,751,000	8,682,082	233,760	11,839,864
Profit for the period		(31,519)	-	5,564,598	-	5,533,079
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		(31,519)	-	5,564,598	-	5,533,079
Issue of Capital	15		6,000,000			6,000,000
Transactions with owners in their capacity as owners-						
Dividends paid or provided for	27	-	-	(2,700,000)	-	(2,700,000)
Translation of foreign currency operations	25	-	-	-	(224,504)	(224,504)
Share options issued	28	-	-	-	75,441	75,441
Balance at 30th June, 2011		141,503	8,751,000	11,546,680	84,697	20,523,880
Profit for the period		-	-	14,818,920		14,818,920
Sale of Sealink NZ	30 (a)	(141,503)	-	-	368,824	227,321
Total comprehensive income for the period		(141,503)	-	14,818,920	368,824	15,046,241
Transactions with owners in their capacity as owners-						
Dividends paid or provided for	27	-	-	(7,782,500)	-	(7,782,500)
Share options expense	28	-	-	-	8,492	8,492
Balance at 30th June, 2012		-	8,751,000	18,583,100	462,013	27,796,113

Notes to and forming part of the financial statements are included on Pages 9 to 29

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 30 JUNE 2012 \$	30 JUNE 2011 \$
Cash flows from operating activities			
Receipts from customers		81,165,341	64,502,685
Payments to suppliers and employees		(70,364,586)	(52,601,960)
Net GST paid		(2,194,379)	(1,818,881)
Interest received		494,710	27,264
Interest paid		(1,753,135)	(868,425)
Income tax paid		(2,595,397)	(3,369,327)
Net operating cash flows	17 (b)	<u>4,752,554</u>	<u>5,871,356</u>
Cash flows from Investing activities			
Cash was provided from:			
Proceeds from sale New Zealand Operations		15,256,371	-
Proceeds from sale of property, plant and equipment		<u>1,358,730</u>	<u>49,318</u>
		<u>16,615,101</u>	<u>49,318</u>
Cash was disbursed to:			
Payments for property, plant and equipment		(1,805,721)	(3,467,336)
Business assets purchased, net of cash acquired	29	<u>(19,929,119)</u>	<u>(4,028,881)</u>
		<u>(21,734,840)</u>	<u>(7,496,217)</u>
Net investing cash flows		<u>(5,119,739)</u>	<u>(7,446,899)</u>
Cash flows from financing activities			
Proceeds from borrowings		11,431,535	6,195,164
Repayment of borrowings		(1,841,139)	(753,219)
Dividend paid		<u>(7,782,500)</u>	<u>(4,500,000)</u>
Net financing cash flows		<u>1,807,896</u>	<u>941,945</u>
Net (decrease)/increase in cash held		<u>1,440,711</u>	<u>(633,598)</u>
Foreign exchange adjustment		4,275	(4,161)
Cash at the beginning of the financial year		<u>130,507</u>	<u>768,266</u>
Cash at the end of the financial year	17 (a)	<u>1,575,493</u>	<u>130,507</u>

Notes to and forming part of the financial statements are included on Pages 9 to 29

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. Statement of Significant Accounting Policies:

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis.

Where necessary, the figures for the previous year have been re-classified to facilitate comparison.

The financial report is prepared in Australian dollars and has been approved for issue in accordance with a resolution of the directors on 18th September, 2012.

Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2012. These are outlined in the following table.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	1 July 2012	No change.	1 July 2012
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and UIG-112 <i>Consolidation – Special Purpose Entities</i> . The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7.	1 January 2013	No change expected.	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	No change expected.	1 July 2013

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. Statement of Significant Accounting Policies (cont):

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	No material change expected.	1 July 2013
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 January 2013	No change expected.	1 July 2013
Annual Improvements 2009-2011 Cycle ****	Annual Improvements to IFRSs 2009-2011 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: IFRS 1 First-time Adoption of International Financial Reporting Standards • Repeated application of IFRS 1 • Borrowing costs IAS 1 Presentation of Financial Statements • Clarification of the requirements for comparative information IAS 16 Property, Plant and Equipment • Classification of servicing equipment IAS 32 Financial Instruments: Presentation • Tax effect of distribution to holders of equity instruments IAS 34 Interim Financial Reporting • Interim financial reporting and segment information for total assets and liabilities	1 January 2013	No change expected.	1 July 2013

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. Statement of Significant Accounting Policies (cont):

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this Standard) (b) The Australian Government and State, Territory and Local Governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local Governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11 and 2012-1.	1 July 2013	No change expected.	1 July 2013
AASB 119	Employee Benefits	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013	No change expected. Possible disclosure changes only.	1 July 2013

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. Statement of Significant Accounting Policies (cont):

AASB 9	Financial Instruments	AASB 9 Includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition. If doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	1 January 2015***	No change expected. Possible disclosure changes only.	1 July 2015
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SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 Statement of Significant Accounting Policies (cont):

Accounting policies which have been significant in the preparation and presentation of the accounts.

(a) Principles of Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the economic entity, being the parent entity, Sealink Travel Group Ltd, and its controlled entities as defined in AASB127 "Consolidated and Separate Financial Statements". The term "Economic Entity" used throughout these financial statements means the parent entity and its controlled entities. A list of controlled entities appears in Note 21.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent using consistent accounting policies.

The consolidated financial statements include the information and results of each controlled entity from the date on which the parent entity obtains control and until such time as the parent entity ceases to control such entities.

In preparing the consolidated financial statements, all intercompany balances, transactions and unrealised profits arising within the economic entity are eliminated in full.

(b) Financial assets

Financial assets, being available-for-sale investments are initially recorded at cost. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Statement of Comprehensive Income.

(c) Inventories

Inventories, which includes spare parts, are valued at the lower of cost and net realisable value.

Costs are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on either a first in first out or average cost basis.

(d) Taxes

Income taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

* when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; or

* when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

* when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

* when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and the taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 Statement of Significant Accounting Policies (cont):

(d) Taxes (cont)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted at balance date.

Deferred tax asset and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(e) Leases

Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the Statement of Comprehensive Income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the company will obtain ownership by the end of the lease term.

Operating leases are not capitalised and payments are charged as an expense in the Statement of Comprehensive Income on a straight line basis over the lease term.

(f) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the economic entity's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date allocated to each of the economic entity's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether the assets and liabilities of the economic entity are assigned to those units. Each unit to which the goodwill is so allocated represents the lowest level within the economic entity at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 Statement of Significant Accounting Policies (cont):

(g) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave. Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(h) Impairment of assets

At each reporting date, the economic entity reviews the carrying value of its tangible and intangible assets and cash generating units to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair market value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(i) Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the Statement of Comprehensive Income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets until an asset's residual value is reached. Estimated useful life is as follows -

	<u>Life</u>
Buildings	14 - 40 years
Plant and equipment	3 - 20 years
Plant and equipment under lease	Term of the lease
Ferry - at cost	10 - 20 years
Ferry - at deemed cost	10 - 20 years

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the Statement of Comprehensive Income.

(j) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the economic entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 Statement of Significant Accounting Policies (cont):

(j) Revenue (cont)

Rendering of Services

For ferry services, revenue is recognised on a departure date basis whereby customers or groups who have paid for travel related services have actually departed on those travel services. The revenue is recognised in the month of the said departure date.

Revenue in relation to retailing of travel services is recognised on a gross basis when customers have paid for their travel services.

Interest

Revenue is recognised as interest accrues using the effective interest method.

(k) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank, on hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowing in current liabilities on the statement of financial position.

(l) Trade and other receivables

Trade receivables, which generally have 30 - 60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivable is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(m) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the economic entity prior to the end of the financial year that are unpaid and arise when the economic entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) 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 and presentation currency.

Transaction and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the date the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of Group Companies' functional currency to presentation currency

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows -

- * assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- * income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are taken directly to the group's foreign currency translation reserve in the Statement of Financial Position. These differences are recognised in the Statement of Comprehensive Income in the period in which the operation is disposed.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Comprehensive Income.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 Statement of Significant Accounting Policies (cont):

(o) Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the Statement of Comprehensive Income over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(p) Tax consolidation and tax sharing

Sealink Travel Group's wholly owned subsidiary, Kangaroo Island Sealink Pty Ltd and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime effective 1/1/05. Sealink Travel Group Ltd is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement whereby income tax expense is allocated to each entity on the basis of their respective liability.

Members of the tax consolidated group have entered into a tax funding agreement which provides for the allocation of current taxes to members of the tax consolidated group in accordance with the principles of AASB 112 *Income Taxes*. Allocations under the tax funding agreement are made at the end of each year.

The allocation of taxes under the tax funding arrangement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company.

(q) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(r) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised.

(s) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the economic entity.

Key Estimates - Impairment

The economic entity assesses impairment at each reporting date by evaluating conditions specific to the economic entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Estimates - Doubtful debts provision

The economic entity assesses the level of doubtful debts at each reporting date by evaluating past performance of bad debts, the level of receivables that are overdue and specific collection responses. These assessments incorporate a number of key estimates.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	30 JUNE 2012	30 JUNE 2011
	\$	\$
2 REVENUES AND EXPENSES		
Revenues and expenses from continuing operations		
(a) Revenue		
Sales revenue	78,300,698	51,210,323
Interest income	494,710	27,264
Rental income	222,874	65,434
	<u>79,018,282</u>	<u>51,303,021</u>
(b) Other Income		
(Loss)/profit on the sale of fixed assets	(20,158)	(24,201)
Other	686,260	896,637
	<u>666,102</u>	<u>872,436</u>
(c) Finance Costs		
Interest expense		
- Other loans	958,564	364,400
- Finance leases	723,343	212,764
Finance charges	5,153	139,972
	<u>1,687,060</u>	<u>717,136</u>
(d) Depreciation		
- Property, plant and equipment	2,274,035	1,390,558
- Leased assets	415,539	418,367
Total depreciation	<u>2,689,574</u>	<u>1,808,925</u>
(e) Employee Benefits expense		
Wages and salaries	17,312,271	8,871,434
Other employee benefits	34,490	28,592
Superannuation	1,939,982	1,069,669
Workers Compensation costs	476,288	182,441
	<u>19,763,031</u>	<u>10,152,136</u>
(f) Lease payments in income statement		
Lease and rental expenses	<u>1,374,177</u>	<u>703,363</u>
(g) Auditor's remuneration		
The following total remuneration was received, or is due and receivable, by the auditor Ernst & Young of the parent entity and its affiliates in respect of:		
- Auditing the accounts	83,923	58,443
- Other services	-	-
	<u>83,923</u>	<u>58,443</u>
(h) Inventory expense		
Costs of inventories recognised as an expense	<u>7,946,800</u>	<u>2,835,303</u>
(i) Impairment		
Impairment of intangible assets	<u>-</u>	<u>-</u>
(j) Acquisition costs		
Acquisition costs associated with Captain Cook Cruises-		
- Stamp Duty	597,773	12,706
- Legal fees	104,761	76,894
	<u>702,534</u>	<u>89,600</u>

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	30 JUNE 2012	30 JUNE 2011
	\$	\$

3 INCOME TAX

The major components of income tax expense that relate to continuing operations are:

Current tax	1,849,293	2,040,811
Deferred tax	(176,620)	38,968
Under (over) provision in respect of prior years	28,101	(19,840)
Income tax expense reported in the income statement	<u>1,700,774</u>	<u>2,059,939</u>

Tax expense reconciliation:

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:

Accounting profit before tax from continuing operations	5,535,008	6,841,682
Accounting profit before tax from discontinued operations	(296,720)	1,017,341
Accounting profit before tax from the disposal of New Zealand Operations	<u>11,213,904</u>	<u>-</u>
Accounting profit before tax	<u>16,452,192</u>	<u>7,859,023</u>
Income tax expense calculated at 30% of operating profit	<u>4,935,658</u>	<u>2,357,707</u>
Other	31,136	(21,322)
Change in Tax Rate	-	(13,233)
Non-deductible expenses (share option cost)	2,548	22,632
Amounts under / (over) provided in prior years	28,101	(19,840)
Sale of Sealink NZ - Exempt income	<u>(3,364,171)</u>	<u>-</u>
Income tax expense	<u>1,633,272</u>	<u>2,325,944</u>
Income tax reported in the consolidated income statement	<u>1,700,774</u>	<u>2,059,939</u>
Income tax attributable to a discontinued operation	<u>(67,502)</u>	<u>266,005</u>
	<u>1,633,272</u>	<u>2,325,944</u>

Deferred income tax

Deferred income tax at 30 June relates to the following:

CONSOLIDATED

Deferred tax assets

	Statement of Financial Position		Statement of Comprehensive Income	
	30 JUNE 2012	30 JUNE 2011	30 JUNE 2012	30 JUNE 2011
Provision for doubtful debts	5,355	31,076	24,516	5,166
Provision for diminution	-	-	-	1,670
Government grant	77,180	83,672	6,492	6,492
Accruals	25,177	41,358	(12,175)	25,506
Capital expense timing differences	72,330	187,995	115,665	(86,027)
Tax losses	-	33,691	-	(25,898)
Asset timing depreciation differences	312,142	(302,880)	(311,136)	24,935
Employee entitlements	<u>1,229,375</u>	<u>703,070</u>	<u>(117,395)</u>	<u>(86,369)</u>
Total deferred tax assets	<u>1,721,559</u>	<u>777,982</u>		

Deferred tax liabilities

Accelerated depreciation for tax purposes	1,543,569	1,476,263	67,306	154,811
Consumables	<u>93,873</u>	<u>43,766</u>	<u>50,107</u>	<u>5,449</u>
Total deferred tax liabilities	<u>1,637,442</u>	<u>1,520,029</u>		
Change in tax rate in NZ 1st July, 2011			-	13,233
Deferred Income tax expense			<u>(176,620)</u>	<u>38,968</u>

4 TRADE AND OTHER RECEIVABLES (CURRENT)

Trade receivables	1,820,823	1,779,615
Other	470,214	234,180
Allowance for doubtful debts	<u>(17,849)</u>	<u>(99,570)</u>
	<u>2,273,188</u>	<u>1,914,225</u>

Trade receivables are non-interest bearing and are generally on 14-60 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is past due and considered impaired.

As at 30 June, the ageing analysis of trade receivables is as follows -

	Total	Neither past due or impaired 0-30 days	Receivables past due but not impaired. 31-60 days	61-90 days	Over 90 days	Impaired
2011 - Consolidated	1,779,615	1,060,866	520,502	94,601	4,076	99,570
2012 - Consolidated	1,820,823	1,069,942	560,066	122,787	50,179	17,849

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

		Consolidated	
		30 JUNE 2012	30 JUNE 2011
		\$	\$
5 INVENTORIES			
Fuel (at cost)		263,184	182,306
Goods held for resale (at cost)		277,879	61,726
Spare Parts		413,000	-
Brochures (at cost)		54,193	57,835
Total current inventories		<u>1,008,256</u>	<u>301,867</u>
6 PREPAYMENTS			
Prepayments		<u>1,406,777</u>	<u>1,041,279</u>
7 PROPERTY, PLANT AND EQUIPMENT			
Land and buildings			
<i>Cost</i>			
Opening balance		6,555,464	6,298,666
Additions		6,912,619	256,798
Transfers		(234,773)	-
Disposals		(147,410)	-
Closing balance		<u>13,085,900</u>	<u>6,555,464</u>
<i>Accumulated depreciation</i>			
Opening balance		1,032,754	813,909
Depreciation for the year	2 (d)	258,464	218,845
Closing balance		<u>1,291,218</u>	<u>1,032,754</u>
Foreign exchange adjustment		-	(77,162)
Total land and buildings, net		<u>11,794,682</u>	<u>5,445,548</u>
Plant and equipment			
<i>Cost</i>			
Opening balance		9,267,953	7,686,520
Transfers		234,773	-
Additions		808,245	2,047,857
Disposals		(3,627,751)	(466,424)
Closing balance		<u>6,683,220</u>	<u>9,267,953</u>
<i>Accumulated depreciation</i>			
Opening balance		3,901,564	3,619,688
Transfers		-	-
Depreciation for the year	2 (d)	705,051	668,757
Disposals		(1,946,533)	(386,881)
Closing balance		<u>2,660,082</u>	<u>3,901,564</u>
Foreign exchange adjustment		-	(136,281)
Total plant and equipment, net		<u>4,023,138</u>	<u>5,230,109</u>
Plant and equipment under lease			
<i>Cost</i>			
Opening balance		3,217,724	2,677,524
Additions		342,871	540,200
Transfers		-	-
Disposals		(48,008)	-
Closing balance		<u>3,512,587</u>	<u>3,217,724</u>
<i>Accumulated depreciation</i>			
Opening balance		1,538,337	1,119,970
Depreciation for the year	2 (d)	415,539	418,367
Transfers		-	-
Disposals		(6,120)	-
Closing balance		<u>1,947,756</u>	<u>1,538,337</u>
Foreign exchange adjustment		-	(2,384)
Total leased plant and equipment, net		<u>1,564,831</u>	<u>1,677,003</u>

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 30 JUNE 2012 \$	30 JUNE 2011 \$
7 PROPERTY, PLANT AND EQUIPMENT (CONT)			
Ferry			
<i>Deemed Cost</i>			
Opening balance		3,016,145	2,628,548
Additions		-	387,597
Disposals		(3,016,145)	-
Closing balance		-	3,016,145
<i>Accumulated depreciation</i>			
Opening balance		2,170,582	2,170,228
Depreciation for the year	2 (d)	11,646	354
Disposals		(2,182,228)	-
Closing balance		-	2,170,582
Total ferry, net		-	845,563
Ferries			
<i>Cost</i>			
Opening balance		44,250,795	36,378,660
Additions		16,341,986	7,872,135
Disposals		(13,509,217)	-
Closing balance		47,083,564	44,250,795
<i>Accumulated depreciation</i>			
Opening balance		17,384,250	16,337,627
Depreciation for the year	2 (d)	1,298,874	1,046,623
Disposals		(4,506,087)	-
Closing balance		14,177,037	17,384,250
Foreign exchange adjustment		-	(1,776,176)
Total ferries, net		32,906,527	25,090,369
Total property, plant and equipment, net		50,289,178	38,288,592
8 INTANGIBLE ASSETS			
Goodwill - at cost		6,895,631	6,895,631
Less - Accumulated impairment		(94,420)	(94,420)
Total intangible assets, net		6,801,211	6,801,211

Goodwill acquired through business acquisitions has been allocated to the Ski Connection, KI Booking Centre, Coachlines, KI Odysseys, Sealink Queensland and Sydney Travel Centre business units. The recoverable amounts have been determined via a value in use calculation using cash flow projections based on financial budgets approved by senior management using a 5 year period and discounted at a risk adjusted interest rate.

9 TRADE AND OTHER PAYABLES (CURRENT)

Unsecured:

Trade creditors (i)	3,249,535	2,380,366
Deferred income - Government grant	22,000	22,000
Prepaid travel (ii)	3,126,769	1,645,902
Sundry payables and accruals	1,148,680	1,526,545
Total current trade and other payables	7,546,984	5,574,813

- (i) Trade creditors are non-interest bearing and are normally settled on 14-60 day terms.
(ii) As part of providing ferry services to passengers, vehicles and freight, and cruises, customers pay a portion or all of the balance owing in advance of the travel. Under revenue recognition principles, the payment for travel is not recognised as revenue until the travel paid for has departed. The balance above therefore relates to bookings with departure dates on or after 1 July 2012 (2011: 1 July 2011).

10 INTEREST BEARING LOANS AND BORROWINGS (CURRENT)

Secured:

Bank Overdraft (i)	-	835,535
Bank loans (i)	12,000,000	506,126
Lease liabilities (ii) (Note 18)	1,422,821	1,203,003
Total current interest bearing liabilities	13,422,821	2,544,664

- (i) Refer Note 13 for significant security, conditions and term details. The Bank Overdraft carries the same security as Bank Loans.
(ii) Effectively secured over the assets leased. Leases are fixed rate with lease terms of 5 years.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	30 JUNE 2012	30 JUNE 2011
	\$	\$
11 PROVISIONS (CURRENT)		
Dividends (refer note 27)		
Opening balance	-	1,800,000
Paid during the year	(7,782,500)	(4,500,000)
Declared during the year	7,782,500	2,700,000
Closing balance	-	-

Subject to profitability, cash flow and the ability to pay, future dividends will be paid in April (interim) and October (final) each financial year.

Employee benefits		
Opening balance	1,959,070	1,740,336
Provisions from acquisition	1,227,970	130,152
Additional provisions	1,282,692	912,932
Amounts used	(1,074,166)	(624,350)
Employee entitlements	3,395,566	1,959,070
Total current provisions	3,395,566	1,959,070

12 PAYABLES (NON-CURRENT)

Deferred income - Government grant	235,266	256,906
Shareholder Loan (i)	-	21,938
Total non-current payables	235,266	278,844

(i) Non-interest bearing loan with no fixed term.

13 INTEREST BEARING LOANS AND BORROWINGS (NON-CURRENT)

Secured:		
Bank loans (i)	6,000,000	12,774,469
Lease liabilities (ii) (Note 18)	5,137,617	4,227,907
	11,137,617	17,002,376

(i) *Security, terms and conditions - Loans and Overdraft*

Australian facilities-

First registered mortgage over property situated at Penneshaw, Kangaroo Island.
First ranking registered company charge over all the assets and undertakings of Kangaroo Island Sealink Pty Ltd.
Registered ship mortgages over all vessels in the fleet that are not leased.
Various guarantee facilities have been provided as surety on a range of lease contracts.
First ranking registered company charge over all the assets and undertakings of all asset holding and trading subsidiaries.
First registered mortgage over Neutral Bay Marina.
Bank loans have been drawn down under an interchangeable bill facility and are subject to an annual review. \$6m of the facility is fixed rate with \$4m maturing March 2015 and \$2m maturing May, 2015. The balance comprises short term variable rate bills.
Interchangeable facilities are provided on a rolling evergreen basis and it is expected that they will be rolled for a period of not less than 12 months.
During the current year, there were no defaults or breaches.

(ii) Effectively secured over the assets leased. Leases are fixed rate with a lease term of 60 months.

Committed financing facilities of \$35,629,000 (2011: 47,125,614) were available to the economic entity at the end of the financial year. As at that date \$25,468,610 (2011: \$19,602,164) of these facilities were in use.

14 PROVISIONS (NON-CURRENT)

Employee Benefits		
Opening balance	400,890	315,334
Provisions from acquisition	304,347	46,092
Additional provisions	152,414	164,211
Amounts used	(155,302)	(124,747)
Total non-current provisions	702,349	400,890

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
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	Consolidated		No. of Shares on Issue	
	30 JUNE 2012	30 JUNE 2011	30 JUNE 2012	30 JUNE 2011
	\$	\$		
15 CONTRIBUTED EQUITY				
Issued and fully paid				
50,000,000 ordinary shares	8,751,000	2,751,000	55,000,000	50,000,000
Issue of 5,000,000 ordinary shares on 28/03/2011	-	6,000,000	-	5,000,000
55,000,000 ordinary shares	<u>8,751,000</u>	<u>8,751,000</u>	<u>55,000,000</u>	<u>55,000,000</u>

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly, the parent does not have authorised capital nor par value shares in respect of issued shares.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

16 INFORMATION RELATING TO SEALINK TRAVEL GROUP LIMITED ('the parent entity')

Current Assets	798,496	-
Noncurrent Assets	13,361,837	15,161,481
Total Assets	<u>14,160,333</u>	<u>15,161,481</u>
Current Liabilities	-	310,480
Non-current Liabilities	5,409,333	6,100,001
Total Liabilities	<u>5,409,333</u>	<u>6,410,481</u>
Net Assets	<u>8,751,000</u>	<u>8,751,000</u>
Contributed equity	8,751,000	8,751,000
Reserves	462,013	453,521
Retained profits	(462,013)	(453,521)
Total Parent Equity	<u>8,751,000</u>	<u>8,751,000</u>
Profit or loss of the parent entity	<u>7,774,008</u>	<u>2,624,559</u>
Total comprehensive income of the parent entity	<u>7,774,008</u>	<u>2,624,559</u>

The parent has entered into various cross-guarantees with its subsidiaries to support borrowings across the Group.

17 CASH AND CASH EQUIVALENTS

a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and bank overdraft. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash	1,575,493	966,042
Bank Overdraft	-	(835,535)
Cash and cash equivalents	<u>1,575,493</u>	<u>130,507</u>

b) Reconciliation of total comprehensive income for the year net of tax to net cash provided by operating activities-

Total comprehensive income after income tax	14,818,920	5,533,079
Non-Cash Items		
Depreciation and amortisation of non-current assets	2,689,574	2,352,946
Deferred income	(21,639)	(21,639)
Loss/(Profit) on disposal of non-current assets	20,158	30,225
Profit on sale of New Zealand related assets (Note 30)	(11,213,904)	-
Share Option cost	8,492	75,441
Changes in net assets and liabilities		
Tax balances (Decrease)/Increase	(1,245,715)	(1,043,383)
Current trade receivables (Increase)/Decrease	(825,635)	(438,229)
Current inventories (Increase)/Decrease	(137,812)	9,151
Other current assets (Increase)/Decrease	(111,330)	(617,466)
Current trade and other creditors (Decrease)/Increase	426,334	(136,815)
Employee entitlements (Decrease)/Increase	345,111	128,046
Net cash provided by operating activities	<u>4,752,554</u>	<u>5,871,356</u>

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
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	Consolidated	
	30 JUNE 2012	30 JUNE 2011
	\$	\$
18 FINANCIAL COMMITMENTS		
a) Capital expenditure commitments:		
Plant and equipment		
Not later than one year	-	-
b) Commitments under non-cancellable operating leases:		
Not later than one year	2,575,513	922,889
Later than one year but not later than five years	3,589,457	3,062,947
Later than five years	3,472,320	-
	<u>9,637,290</u>	<u>3,985,836</u>
c) Finance lease commitments:		
Not later than one year	1,422,821	1,203,003
Later than one year but not later than five years	6,576,218	5,577,147
Minimum lease payments	7,999,039	6,780,150
Future finance charges	(1,438,601)	(1,349,240)
Net finance lease liability	<u>6,560,438</u>	<u>5,430,910</u>
Included in the accounts as:		
Reconciled to:		
Current liability (Note 10)	1,422,821	1,203,003
Non-current liability (Note 13)	5,137,617	4,227,907
	<u>6,560,438</u>	<u>5,430,910</u>

19 DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Names and positions held of key management personnel in office at any time during the financial year are:

Directors -

Mr GM Ursini	Chairman -(non-executive)
Mr FA Mann	Director – (non-executive)
Mr C Smerdon	Director – (non-executive)
Mr W T Spurr	Director – (non-executive)
Mr T Dodd	Director – (non-executive)
Mr J R Ellison	Managing Director and Chief Executive Officer
Mr BJ Mayfield	Director – (non-executive) - Resigned 8th November, 2011
Mr A Russo	Director -- (non-executive) - Resigned 8th November, 2011

Other Key Management Personnel -

Ms D Gauci	General Manger, Sealink South Australia (appointed October, 2011)
Mr T Waller	Chief Financial Officer , Company Secretary
Mr A Haworth	General Manager, Captain Cook Cruises (appointed November, 2011)
Mr P Victory	General Manager, Sealink Queensland (appointed January, 2012)

(b) Key Management Personnel Remuneration

Short-Term	1,244,050	1,159,637
Post employment	74,088	114,689
Other long-term	-	-
Termination Benefits	-	-
Share-based payment	-	-
	<u>1,318,138</u>	<u>1,274,326</u>

There are no loans to directors or key management personnel.

(c) Other

There were 31,250 share options granted during the year to employees under the Employee Share Option Plan (refer Note 28). No shares were issued during the year as a result of any conversion of shares from options.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
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19 DIRECTOR AND EXECUTIVE DISCLOSURES (CONT)

(d) Remuneration Policy

The company's policy for determining the nature and amount of emoluments of board members and senior executives is as follows:

The remuneration structure for executive officers is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts of service between the company and specified directors and executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement, specific executives and directors are paid employee benefit entitlements accrued to the date of their retirement. The company may terminate the respective contracts by providing adequate notice or making a payment in lieu of notice. Termination payments are generally not payable on resignation or serious misconduct. In instances of serious misconduct, the company can terminate employment at any time.

(e) Other transactions

During the year, the following purchases/services were made with entities associated with directors at normal market prices -

- Purchases and services totalling \$7,982 from Vectra Corporation Ltd, a company associated with Mr C Smerdon (2011: \$6,426);
- Purchases and services totalling \$67,301 from Coachlines Australia and Tourism and Allied, companies associated with Mr C Smerdon (2011: \$80,000);

20 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

At June 30, 2012, the Group had a potential dispute account arising as a result of slipping services for \$101,701. A counter claim for \$407,700 has been made. There are no other current or potential claims against the Company or the consolidated entity (2011: nil).

Contingent Assets

Apart from the above counter-claim, there were no other contingent assets as at June 30, 2012 (2011: nil).

21 CONTROLLED ENTITIES

	Book value of parent entity's investment		Contribution to consolidated result for the period	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Related bodies corporate -				
Direct subsidiaries Incorporated in Australia -	\$	\$	\$	\$
Kangaroo Island Sealink Pty Ltd	3,000,000	3,000,000	14,763,717	4,438,611
Sealink KI Ferries Pty Ltd	7,120	7,120	-	-
Backstairs Passage Equities Pty Ltd (i)	7,120	7,120	-	-
KI Resorts Equities Pty Ltd (i)	7,120	7,120	-	-
Travellink Pty Ltd	7,120	7,120	-	-
KI Adventure Tours Pty Ltd	7,119	7,119	-	-
Sealink Queensland Pty Ltd (previously Sunferries Group P/L)	10,206,238	10,206,238	135,579	(27,110)
STG Properties Pty Ltd	-	-	(24,704)	(16,382)
Australia Inbound Pty Ltd (i)	-	-	-	-
The South Australian Travel Company Pty Ltd (i)	-	-	488,089	296,175
Kangaroo Island Odysseys Pty Ltd (i)	-	-	-	-
Captain Cook Cruises Pty Ltd (previously Hog Bay Inn P/L)	120,000	-	129,264	-
Sealink Vessels Pty Ltd	-	-	-	-
Sealink Marina Pty Ltd	-	-	-	-
Travellink Technology Pty Ltd (i)	-	-	(476,671)	-
Vivonne Bay Outdoor Education Centre Pty Ltd (i)	-	-	54,635	-
The Living Classroom Pty Ltd (i)	-	-	(46,345)	-
Magnetic Island Cruise Corporation Pty Ltd (ii)	-	-	-	-
PDW Pty Ltd (ii)	-	-	-	-
Sunferries Travel Pty Ltd (ii)	-	-	-	-
Incorporated in New Zealand (and now sold) -				
SeaLink New Zealand Ltd	-	-	(196,151)	(532,766)
Sealink Travel Group NZ Ltd	-	-	-	1,514,316
FreightLink Ltd (51% ownership) - Refer Note 26	-	-	-	(64,323)

(i) Companies 100% owned by Kangaroo Island Sealink Pty Ltd.

(ii) Companies owned 100% by Sealink Queensland Pty Ltd.

All subsidiaries are 100% owned. All New Zealand entities were sold on 30 September, 2011.

Sealink Travel Group Ltd is the ultimate controlling entity of the economic entity.

During the year, the following transactions occurred between members of the economic entity -

The Company charged ferry rental for the Island Navigator to Sealink New Zealand Ltd of \$37,500 covering 3 months (2011: \$150,000 covering 12 months).

22 EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred subsequent to year end which would, in the absence of disclosure, cause the financial report to be misleading.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

23 COMPANY INFORMATION

The financial report of the Company for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of directors on 18 September, 2012. The company is a company limited by shares incorporated in Australia.

The address of the registered office is 440 King William Street, Adelaide SA.

24 FINANCIAL INSTRUMENTS

(a) Financial risk management

The group's financial instruments consist mainly of accounts receivable and payable, loans to and from subsidiaries, bills and leases.

The main purpose of non-derivative finance instruments is to raise finance for group operations. The group does not have any derivative instruments at 30 June, 2012 (2011: Nil).

(i) Treasury Risk Management

The Board of Directors meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) Financial Risks

The main risks the group is exposed to through its financial instruments is interest rate and foreign currency risk.

Interest rate risk.

Interest rate risk is managed with a mixture of floating and fixed rate debt. At 30 June 2012, approximately 55% of the Group's financial liabilities is fixed (2011: 51%).

Credit Risk

The economic entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

(b) Interest rate risk

The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

Consolidated

	Weighted Average Effective Interest Rate		Within 1 year		1 to 5 years		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Financial Assets								
<i>Floating Rate</i>								
Cash Assets	1.1%	1.1%	1,575,493	966,042	-	-	1,575,493	966,042
Financial Liabilities								
<i>Floating Rate</i>								
Overdraft	5.46%	5.46%	-	835,535	-	-	-	835,535
Bills of exchange	5.48%	5.65%	12,000,000	506,126	-	8,774,469	12,000,000	9,280,595
<i>Fixed Rate</i>								
Bills	4.70%	5.28%	-	-	6,000,000	4,000,000	6,000,000	4,000,000
Leases	7.12%	7.20%	1,422,821	1,203,003	5,137,617	4,227,907	6,560,438	5,430,910
Net Exposure			(11,847,328)	(1,578,622)	(11,137,617)	(17,002,376)	(22,984,945)	(18,580,998)

Interest Rate Sensitivity

At 30 June, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows-

Judgement of reasonably possible movements -	Consolidated	
	30 JUNE 2012	30 JUNE 2011
Movement of +0.5%	\$ (36,486)	\$ (32,025)
Movement of -1%	\$ 72,972	\$ 64,051

The movements in post tax profit are due to higher/lower interest income from variable rate cash balances.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

24 FINANCIAL INSTRUMENTS (cont)

(c) Fair values

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments recognised in the financial statements. The fair value of the term debtors are determined by discounting the cash flows at the market interest rates of similar securities to their present value. The net fair values of borrowings are determined by discounting the expected future cash flows at prevailing interest rates. For other assets and liabilities, the net fair value approximates their carrying value. Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

Economic Entity	2012		2011	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
Financial Assets				
Cash	1,575,493	1,575,493	966,042	966,042
Trade and other receivables	2,273,188	2,273,188	1,914,225	1,914,225
Other financial assets	1,406,777	1,406,777	1,041,279	1,041,279
Financial Liabilities				
Bank Overdraft	-	-	835,535	835,535
Bill facilities	18,000,000	18,234,094	13,280,595	13,231,188
Lease and hire purchase	6,560,438	6,560,438	5,430,910	5,430,910
Trade and sundry creditors	4,398,215	4,398,215	3,906,911	3,906,911

25 RESERVES

(a) Foreign Currency Translation Reserve

Opening Balance	(368,824)	(144,320)
Movement for the year	368,824	(224,504)
Closing balance	-	(368,824)

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries. Following the sale of 100% of the shares held in Sealink New Zealand Ltd (refer Note 30), the balance of the reserve has been reclassified from equity to Profit and Loss.

(b) Share Option Reserve

Opening Balance	453,521	378,080
Movement for the year	8,492	75,441
Closing balance	462,013	453,521

TOTAL RESERVES

462,013	84,697
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The Share Option reserve is used to record the value of options issued to directors and employees as part of their remuneration. Refer to Note 28 for further details of these option plans.

26 NON-CONTROLLING INTERESTS

Contributed Equity in FreightLink Limited	-	203,126
Retained profits / (losses) in FreightLink Limited	-	(61,623)
	-	141,503

Previously, Sealink New Zealand Ltd held a 51% interest in FreightLink Limited. With the sale of shares in Sealink New Zealand Ltd, no minority interests in the Group are now held.

27 DIVIDENDS

	Consolidated	
	30 JUNE 2012	30 JUNE 2011
	\$	\$
Distributions paid -		
Interim fully franked dividend for 2011 of 1.9 cents per share paid 15/04/11.	-	900,000
Interim fully franked dividend for 2011 of 3.6 cents per share paid 15/12/10.	-	1,800,000
Special Interim fully franked dividend for 2012 of 7.3 cents per share paid 15/11/11.	4,015,000	-
Special Interim fully franked dividend for 2012 of 1.82 cents per share paid 16/04/12.	1,000,000	-
Interim fully franked dividend for 2012 of 2.33 cents per share paid 16/04/12.	1,282,500	-
Fully franked dividend of 2.7 cents per share for 2011, as declared by the directors 22/09/11 and paid 26/10/11.	1,485,000	-

Franking credit balance

The amount of franking credits available for the subsequent financial year are:

Franking account balance as at the end of the financial year	7,860,820	6,465,472
Franking credits that will arise from the payment of income tax as at the end of the financial year.	-	504,000
	7,860,820	6,969,472

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
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28 SHARE OPTION PLANS

	Consolidated	
	30 JUNE 2012	30 JUNE 2011
(a) Recognised share-based payment expenses	\$	\$
Expense arising from options issued in 2010	6,400	75,441
Expense arising from options issued in 2012	2,092	-
Total expense	<u>8,492</u>	<u>75,441</u>

(b) Types of share option plans

Director Options

Under this plan the Company has previously issued the following options:

Option Class	# of Options	Option Value
A	3,125,000	\$ 219,065
B	3,125,000	\$ 165,940
C	750,000	\$ 39,825

The main terms associated with the options are -

Type of Option	Commencement Date	Expiry Date	Exercise Price
A	21/10/2009	21/10/2014	\$1.20
B	21/10/2010	21/10/2014	\$1.40
C	21/10/2011	21/10/2014	\$1.40

The options can be exercised anytime between commencement date and expiry date.

Employee Share Option Plan

Share options are granted to senior executives with more than 12 months service. The ESOP is designed to align participants interests with those of shareholders.

When a participant ceases employment prior to the vesting of their share options, the share options are forfeited.

The following table illustrates the number and weighted average exercise price (WAEP) of and movements in all share options during the year -

	30 JUNE 2012		30 JUNE 2011	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	7,565,000	1.31	7,565,000	1.31
Granted during the year (under the Employee Share Option Plan)	31,250	1.30	-	n/a
Forfeited during the year	-	n/a	-	n/a
Exercised during the year	-	n/a	-	n/a
Outstanding at year end	<u>7,596,250</u>	<u>1.31</u>	<u>7,565,000</u>	<u>1.31</u>

The outstanding balance is represented by -

Type of Option	30 JUNE 2012	30 JUNE 2011
A	3,423,125	3,407,500
B	3,423,125	3,407,500
C	750,000	750,000
	<u>7,596,250</u>	<u>7,565,000</u>

The weighted average fair value of options granted was \$0.0608 cents per option.

(d) Option pricing Model

The fair value of options granted during the year is estimated at the date of the grant using a Binomial Model taking into account the terms and conditions upon which the options were granted. Based on using this method and the following key assumptions, the various option Classes have been valued as follows -

	Class A	Class B	Class C
Strike Price	\$1.20	\$1.40	\$1.40
Underlying current value	0.80	0.80	0.80
Dividend rate	7.5%	7.5%	7.5%
Risk Free Rate	5.2%	5.2%	5.2%
Volatility	40%	40%	40%
Option Life (days)	1,825	1,825	1,825
Assumed option life (days)	1,369	1,369	1,369
Discount for liquidity	30%	30%	30%
Valuation per Option	\$0.0701	\$0.0531	\$0.0531

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
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29 BUSINESS COMBINATION

Acquisition of Captain Cook Cruises

On 24 November 2011, the Group acquired the Australian based business assets of Captain Cook Cruises, a Sydney based business whose main source of revenue is the provision of cruises, charter and ferry services to Sydney Harbour and the Murray River. Assets were acquired for a net cash consideration of \$19,946,960. There was nil value attributed to the intangible assets acquired. No goodwill arose as a consequence of the acquisition.

The fair values of the identifiable assets and liabilities of the Captain Cook cruises as of the date of acquisition were:

	Consolidated Fair Value at acquisition date \$000
Cash and cash equivalents	18
Plant & Equipment	170
Marina	6,700
Vessels	15,730
Deferred Tax Asset	459
Prepayments	314
Inventories	673
Other Assets	1
Total fair value of acquired assets	<u>24,065</u>
Pre-paid Travel & Other Payables	2,586
Provision for employee benefits	1,532
Total fair value of acquired liabilities	<u>4,118</u>
Total net fair value of acquired assets for cash consideration	<u>19,947</u>

Direct costs related to the acquisition (included as acquisition expenses) were \$702,534.

The consolidated statement of comprehensive income includes sales revenue and net profit for the year ended 30 June 2012 of \$19,487,751 and \$129,264 respectively, as a result of the acquisition of Captain Cook Cruises. Access to the full year's comprehensive income, should the acquisition by Sealink Travel Group have occurred at the beginning of the reporting period, is not available.

30 DISCONTINUED OPERATIONS

(a) Disposal of Sealink New Zealand business.

On 30 September, 2011, the Company sold its shares in Sealink New Zealand Limited for an agreed amount which is confidential, as well as other associated assets sold at a later date.

The resultant affect of the results for the year were as follows -

	Consolidated 30 JUNE 2012	30 JUNE 2011
Profit on sale of shares in NZ (no income tax applicable)	15,163,087	-
Removal of Minority Interest	141,503	-
Other costs associated with the sale net of tax:		
- Loss on sale of vessels	(76,740)	-
- Legal Fees	(42,594)	-
Net assets disposed	(3,602,528)	-
Loss transferred from foreign currency translation reserve	(368,824)	-
Net Gain on sale recognised in Comprehensive Income	<u>11,213,904</u>	<u>-</u>

(b) Discontinued Operation - Sealink New Zealand

Trading results from the NZ operations now classified as discontinued -		
Revenue	2,751,669	12,237,741
Expenses	<u>(2,935,076)</u>	<u>(10,832,125)</u>
Gross Profit	(183,407)	1,405,616
Finance Costs	(66,075)	(151,290)
Profit/(loss) before tax from a discontinued operation	(249,482)	1,254,326
Tax Expense	53,331	(337,100)
Profit/(loss) for the year from a discontinued operation	<u>(196,151)</u>	<u>917,226</u>

(c) Discontinued Operation - Skylink

On 15 August 2011, the business and assets associated with Skylink were sold, the sale resulting in profit of \$66,403.

Trading results from Skylink operations now classified as discontinued -		
Revenue	51,114	554,981
Expenses	<u>(98,352)</u>	<u>(791,967)</u>
Profit/(loss) before tax from a discontinued operation	(47,238)	(236,986)
Tax Expense	14,171	71,096
Profit/(loss) before tax from a discontinued operation	<u>(33,067)</u>	<u>(165,890)</u>

(d) Cash flows from discontinued operations

Cash flows relating to discontinued operations have not been disclosed separately to the statement of cash flows as they are not considered material.

Independent auditor's report to the members of Sealink Travel Group Ltd

Report on the financial report

We have audited the accompanying financial report of Sealink Travel Group Ltd and its controlled entities, which comprises the consolidated statement of financial position as at 30 June 2012, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

- a. the financial report of Sealink Travel Group Ltd and its controlled entities is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Ernst & Young

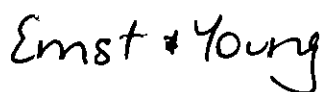
Ernst & Young

A handwritten signature in black ink, appearing to read 'David Sanders'.

David Sanders
Partner
Adelaide
18 September 2012

Auditor's Independence Declaration to the Directors of Sealink Travel Group Ltd

In relation to our audit of the financial report of Sealink Travel Group Ltd and its controlled entities for the financial year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive, stylized script.

Ernst & Young

A handwritten signature in black ink, appearing to be 'David Sanders', written in a cursive style.

David Sanders
Partner
Adelaide
18 September 2012