

**SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	<u>Page No.</u>
Directors' Report	1 - 4
Directors' Declaration	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 29
Independent Audit Report to the members of Sealink Travel Group Ltd	30-31
Auditor's Independence Declaration to the Directors of Sealink Travel Group Ltd	32

**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 2013.

**Directors**

The names and qualifications of the directors in office at the date of this report and during the year are:  
Directors have been in office for the entire year unless otherwise stated.

**Giuliano M. Ursini – (B. Arch, F.R.A.I.A.) - Chairman**

**Non-Executive Chairman**

Mr Ursini holds a Bachelor of Architecture degree from the University of Adelaide and is a Fellow of the Royal Australian Institute of Architects. Mr Ursini is Managing Director of architectural firm Ursini Globus Pty Ltd and has operated a construction company and a real estate development company since 1982.  
Mr Ursini has been Chairman of Sealink since 1996.

**Jeffrey R. Ellison (BA (Acc), FCA, FAICD)**

**Managing Director and Chief Executive Officer**

Mr Ellison holds a Bachelor of Arts Degree in Accounting from the University of South Australia, is a Fellow of the Institute of Chartered Accountant Australia and the Institute of Company Directors. He has held the position of Chief Executive Officer since 1997 and appointed Managing Director in 2008.

Mr Ellison is a board member of The Adelaide Convention Centre and is Chairman of the Adelaide Convention Centre Audit and Risk Management Committee. Mr Ellison has been awarded Life Membership of TTF Australia (Tourism and Transport Forum).

**Frederick A. Mann (FCA, MAICD) - Non-Executive Director**

Mr Mann is a Chartered Accountant with over 30 years' experience in the Australian business community. After selling his accounting practice to a national firm he has spent nearly three decades in commercial projects, including investment, real estate, sports and leisure centres, management and tax consulting, and travel and tourism.

Mr Mann is a fellow of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors. He is a member of the Company's Audit and Risk Committee.

**Christopher D. Smerdon (MAICD) - Non-Executive Director**

Mr Smerdon has extensive experience in the Information Technology field. He founded Protech Australasia Pty Ltd in 1984 and was Managing Director until he sold his interests in 1995. Other directorships currently held by Mr Smerdon are with the South Australian Government Motorsport Board, Tourism & Allied Holdings Pty Ltd. and Aquaport Corporation.

Mr Smerdon joined the Board in 2002 and is a major shareholder in SeaLink. He is a member of the Company's Audit and Risk Committee.

**William T. (Bill) Spurr (B.App,Science, B.Ec., Dip T, F.A.I.C.D.) - Non-Executive Director**

Mr Spurr's extensive experience in the tourism and hospitality industries dates back to the early '80s when he was the Executive Director of the Australian Hotels Association. Mr Spurr held the position as Chief Executive of the South Australian Tourism Commission from 1999 until July, 2007.

Mr Spurr is currently Chair of Education Adelaide; a Board member of the Adelaide Entertainment Centre; the Adelaide Festival Centre Trust; SeaLink Travel Group; the Adelaide Fringe; Hutt Street Foundation and is an adjunct Professor of Tourism at Flinders University.

He is a member of the Company's Audit and Risk Committee.

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

**Terry J. Dodd - Non-Executive Director**

Mr Dodd has extensive experience in business management and the marine industry. After qualifying as a commercial diver in the USA and working as a commercial diver in the onshore and offshore oil and gas industry, he successfully established a recreational diving business and a travel agency in North Queensland.

Mr Dodd is Managing Director of Pacific Marine Group Pty Ltd, one of Australia's largest marine construction and commercial diving companies. Mr Dodd was previously Managing Director of Sunferries, a ferry transport business based in Townsville, prior to the its sale to SeaLink in March 2011 when Mr Dodd joined the Board of SeaLink.

Mr Dodd is also Managing Director of Sydney Fast Ferries, and Vice Chairman on the board of the Australian Festival of Chamber Music based in Townsville.

**Lucinda (Lucy) Hughes Turnbull AO (LLB (USyd), MBA (UNSW)) - Non-Executive Director**

Mrs Turnbull is a Director at Turnbull and Partners and Chairman of ASX listed biotechnology company Prima Biomed Limited.

She has deep roots in Sydney's business and civic life and chairs the Committee for Sydney. Lucy was Deputy Chair of the COAG Reform Council's Cities Expert Panel advising on its Metropolitan Strategic Planning Report and was the first female Lord Mayor of the City of Sydney from 2003-4. Mrs Turnbull chaired ASX listed WebCentral Ltd from 2004-06 when it was acquired by ASX listed Melbourne IT Limited. She was a director of Melbourne IT from 2006-10.

She is a board member of the Sydney Metropolitan Development Authority and since 2005 has served on the board of the Redfern Waterloo Authority. Lucy appointed to the Board of Sealink on 1<sup>st</sup> August, 2013.

**Company Secretary**

**Trevor Waller (B.A (Acc), Dip Corp Management)**

Mr Waller is the CFO and Company Secretary of the SeaLink Group, a position he has held since June 2006. He is a former Chartered Accountant and Chartered Secretary and joined SeaLink following a wide range of commercial experience and 8 years in private practice.

Mr Waller holds a Diploma in Corporate Management and a Bachelor Degree in Arts.

**Director's Meetings**

The number of meetings of directors (including meetings of committees of directors) held during the last Financial year and attended by each director were as follows-

	Number of Board Meetings attended	Number of Audit and Risk Committee Meetings attended
Number of meetings held:	13	4
Number of meetings attended:		
GM Ursini (Chairman)	13	-
FA Mann	12	4
CD Smerdon	13	4
JR Ellison	13	-
TJ Dodd	12	-
WT Spurr	12	4

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

**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 in Europe especially and a high Australian dollar for most of the financial year. All have contributed to a lower spend in the tourism market. However, this trend is now starting to reverse with a substantially lower dollar emerging.

The net profit before tax from continuing operations for the financial year was \$7,912,218 (2012: \$5,535,008).

Major contributors to the increase were twofold-

- A substantially higher contribution from Sealink's Queensland operation compared to 2012, due to lower vessel repairs and maintenance and enhanced revenue growth; and
- The full year's trading effect from the Captain Cook Cruises business (2012 was only 7 months).

Revenue increased by 15% as a result of the full year effect of the Captain Cook Cruises business and organic growth taking the total revenue to \$92m, up \$12m on the previous year.

As a result of increased profitability, cashflow was stronger for the year with cash flow from operations increasing from \$4.8m to \$11.6m. Interest bearing debt consequently was reduced by \$5.1m strengthening the Company's balance sheet.

**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. There were no major changes in the business activities during the year.

**Future Developments**

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

- Increased contributions from the new operation in Darwin;
- Rationalisation of Captain Cook Cruises' cost base;
- Increased sales through our on-line channel as well as expansion of business from China;
- Continued growing demand for core product; and
- Potential opportunities in new markets.

**Significant changes in the State of Affairs**

There have been no significant changes in the state of affairs of the economic entity during the year.

**Significant Events after Balance Date**

On 6 August, 2013, Sealink Travel Group signed a funding services arrangement with Northern Territory Government to commence ferry operations in Darwin. The services will run from Cullen Bay to Mandorah. A further service from Cullen Bay to Tiwi Islands is also being contemplated. This move has spread the Group's geographical risk and will provide earnings expansion.

A fully franked dividend of \$935,000 representing 1.70 cents per share was declared by the Directors on 2 July 2013 and paid 18 July 2013.

Apart from the above, 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 30 June 2013, there were 7,596,250 (2012: 7,596,250) unissued ordinary shares under options issued. There were no options issued during the year.

*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.

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

**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 2013 paid 15 April 2013.	3.66	\$2,013,000
Special fully franked dividend for 2013 and paid 18 July 2013.	1.70	\$935,000
Final fully franked dividend for the year ended 30 June 2012 and paid 16 October 2012.	3.66	\$2,013,000

**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, 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 2013 under the Deeds of Indemnity.

**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.

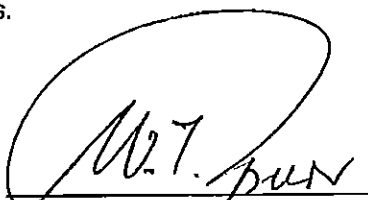
**Auditor's Independence Declaration**

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: 23 August 2013

**SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION**

**FOR THE YEAR ENDED 30 JUNE 2013**

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

1. In the opinion of the directors:

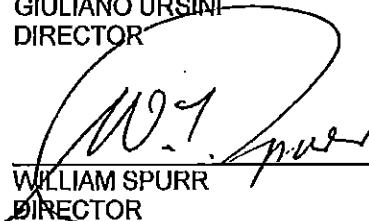
- a) The financial statements and notes of the Sealink Travel Group Ltd for the financial year ended 30 June 2013 are in accordance with the *Corporations Act 2001*, including:
  - i. Giving a true and fair view of its financial position as at 30 June 2013 and performance; and
  - ii. Complying with 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 2013.

On behalf of the Board



GIULIANO URSINI  
DIRECTOR



WILLIAM SPURR  
DIRECTOR

Adelaide

Date: 23 August 2013

**SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Consolidated 30 JUNE 2013 \$	Consolidated 30 JUNE 2012 \$
<b>Continuing Operations</b>			
Revenue	2 (a)	91,369,723	79,018,282
Other income	2 (b)	<u>608,459</u>	<u>666,102</u>
<b>Total Income</b>		<b>91,978,182</b>	<b>79,684,384</b>
Direct operating expenses		(69,608,594)	(59,533,583)
Administrative expenses		(10,452,113)	(9,702,449)
Marketing and sales expenses		(2,670,556)	(2,515,258)
Acquisition Costs	2 (i)	-	(702,634)
Finance costs	2 (c)	(1,332,623)	(1,687,060)
Share option expense	27(a)	<u>(2,078)</u>	<u>(8,482)</u>
<b>Total expenses</b>		<b>(84,065,964)</b>	<b>(74,149,376)</b>
<b>Profit before tax from continuing operations</b>		<b>7,912,218</b>	<b>5,535,008</b>
Income tax expense	3	<u>(888,881)</u>	<u>(1,700,774)</u>
<b>Profit for the year from continuing operations</b>		<b><u>7,023,337</u></b>	<b><u>3,834,234</u></b>
<b>Discontinued Operations</b>			
Net gain from sale of shares in Sealink New Zealand		-	11,213,904
Loss after tax for the year from discontinued operations		<u>-</u>	<u>(229,218)</u>
<b>Profit for the year</b>		<b>7,023,337</b>	<b>14,818,920</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year, not of tax</b>		<b><u>7,023,337</u></b>	<b><u>14,818,920</u></b>
<b>Profit for the period is attributable to:</b>			
Owners of the parent		<u>7,023,337</u>	<u>14,818,920</u>
<b>Total Comprehensive Income for the period is attributable to:</b>			
Owners of the parent		<u>7,023,337</u>	<u>14,818,920</u>
<b>Earnings per share-</b>			
Profit for the year attributable to ordinary equity holders		\$ 0.13	\$ 0.27
<b>Earnings per share for continuing operations-</b>			
Profit for the year attributable to ordinary equity holders		\$ 0.13	\$ 0.07

Notes to and forming part of the financial statements are included on Pages 10 to 29

**SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL POSITION**

**FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Consolidated 30 JUNE 2013 \$	Consolidated 30 JUNE 2012 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	17(a)	1,005,302	1,575,493
Trade and other receivables	4	2,186,284	2,273,188
Inventories	5	1,035,082	1,008,256
Prepayments	6	1,253,304	1,408,777
Current tax receivable		-	798,496
<b>TOTAL CURRENT ASSETS</b>		<u>5,479,972</u>	<u>7,062,210</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	50,496,529	50,289,178
Intangible assets	8	6,718,392	6,801,211
Deferred tax assets	3	1,849,424	1,721,559
<b>TOTAL NON-CURRENT ASSETS</b>		<u>59,064,345</u>	<u>58,811,948</u>
<b>TOTAL ASSETS</b>		<u>64,544,317</u>	<u>65,874,158</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	8,268,072	7,646,984
Interest bearing loans and borrowings	10	2,238,744	13,422,821
Current tax liabilities		330,474	-
Provisions	11	3,715,511	3,305,666
<b>TOTAL CURRENT LIABILITIES</b>		<u>14,552,801</u>	<u>24,365,371</u>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	12	463,824	235,266
Interest bearing loans and borrowings	13	17,197,666	11,137,617
Deferred tax liabilities	3	656,601	1,637,442
Provisions	14	877,897	702,349
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>19,195,988</u>	<u>13,712,674</u>
<b>TOTAL LIABILITIES</b>		<u>33,748,789</u>	<u>38,078,045</u>
<b>NET ASSETS</b>		<u>30,795,528</u>	<u>27,796,113</u>
<b>EQUITY</b>			
Contributed equity	15	8,751,000	8,751,000
Reserves	25	464,091	462,013
Retained earnings		21,580,437	18,583,100
<b>TOTAL EQUITY</b>		<u>30,795,528</u>	<u>27,796,113</u>

Notes to and forming part of the financial statements are included on Pages 10 to 29



**SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 30 JUNE 2013**

<u>Consolidated</u>	Note	NON- CONTROLLING INTEREST	CONTRIBUTED EQUITY	RETAINED EARNINGS	RESERVES	TOTAL
		\$	\$	\$	\$	\$
Balance at 1st July, 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		(141,503)	-	-	368,824	227,321
<b>Total comprehensive income for the period</b>		<b>(141,503)</b>	<b>-</b>	<b>14,818,920</b>	<b>368,824</b>	<b>15,046,241</b>
<b>Transactions with owners in their capacity as owners-</b>						
Dividends paid or provided for	26	-	-	(7,782,500)	-	(7,782,500)
Share options expense	27	-	-	-	8,492	8,492
<b>Balance at 30th June, 2012</b>		<b>-</b>	<b>8,751,000</b>	<b>18,583,100</b>	<b>462,013</b>	<b>27,796,113</b>
Profit for the period		-	-	7,023,337	-	7,023,337
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>7,023,337</b>	<b>-</b>	<b>7,023,337</b>
<b>Transactions with owners in their capacity as owners-</b>						
Dividends paid or provided for	26	-	-	(4,026,000)	-	(4,026,000)
Share options expense	27	-	-	-	2,078	2,078
<b>Balance at 30th June, 2013</b>		<b>-</b>	<b>8,761,000</b>	<b>21,580,437</b>	<b>464,091</b>	<b>30,795,528</b>

Notes to and forming part of the financial statements are included on Pages 10 to 29

**SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Consolidated 30 JUNE 2013 \$	Consolidated 30 JUNE 2012 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		92,015,247	81,166,341
Payments to suppliers and employees		(74,980,887)	(70,364,586)
Net GST paid		(3,254,836)	(2,194,379)
Interest received		35,576	494,710
Interest paid		(1,332,623)	(1,753,135)
Income tax paid		(868,618)	(2,595,397)
<b>Net operating cash flows</b>	17 (b)	<u>11,613,859</u>	<u>4,752,554</u>
<b>Cash flows from investing activities</b>			
Cash was provided from:			
Proceeds from sale New Zealand Operations		-	15,256,371
Proceeds from sale of property, plant and equipment		18,315	1,358,730
		<u>18,315</u>	<u>16,615,101</u>
Cash was disbursed to:			
Payments for property, plant and equipment		(3,302,337)	(1,805,721)
Receipt of Government Grants		250,000	-
Business assets purchased, net of cash acquired		-	(19,929,119)
		<u>(3,052,337)</u>	<u>(21,734,840)</u>
<b>Net investing cash flows</b>		<u>(3,034,022)</u>	<u>(5,119,739)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		45,000	11,431,535
Repayment of borrowings		(6,470,594)	(1,841,139)
Dividend paid		(4,026,000)	(7,782,500)
<b>Net financing cash flows</b>		<u>(10,451,594)</u>	<u>1,807,896</u>
<b>Net (decrease)/increase In cash held</b>		<u>(1,871,757)</u>	<u>1,440,711</u>
Foreign exchange adjustment		-	4,275
<b>Cash at the beginning of the financial year</b>		<u>1,575,493</u>	<u>130,507</u>
<b>Cash at the end of the financial year</b>	17 (a)	<u>(296,264)</u>	<u>1,575,493</u>

Notes to and forming part of the financial statements are included on Pages 10 to 29

**SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**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 23 August, 2013.

**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 2013. These are outlined in the following table.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
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.	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.	1 July 2013
AASB 119	Employee Benefits	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 2013**

**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.	1 July 2013
AASB 2012-2	Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 <i>Financial Instruments: Disclosures</i> to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 are not all met.	1 January 2013	No change expected.	1 July 2013
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	AASB 2012-5 makes amendments to addresses a range of improvements, including the following: ▶ Repeat application of AASB 1 is permitted (AASB 1) ▶ Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 <i>Presentation of Financial Statements</i> ).	1 January 2013	No change.	1 July 2013
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 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

**SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**1. Statement of Significant Accounting Policies (cont):**

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2012-9	Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039	AASB 2012-9 amends AASB 1048 <i>Interpretation of Standards to evidence the withdrawal of Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia</i> .	1 January 2013	No change.	1 July 2013
AASB 9	Financial Instruments	<p>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.</p> <p>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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> <li>▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</li> <li>▶ The remaining change is presented in profit or loss</li> </ul> <p>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.</p> <p>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.</p>	1 January 2015	No change expected. Possible disclosure changes only.	1 July 2015

**SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**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 2013**

**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 2013**

**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 2013**

**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.

**SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**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 2013**

	Consolidated 30 JUNE 2013 \$	Consolidated 30 JUNE 2012 \$
<b>2 REVENUES AND EXPENSES</b>		
Revenues and expenses from continuing operations		
<b>(a) Revenue</b>		
Sales revenue	90,987,931	78,300,698
Interest income	35,576	494,710
Rental income	346,216	222,874
	<u>91,369,723</u>	<u>79,018,282</u>
<b>(b) Other Income</b>		
(Loss)/profit on the sale of fixed assets	(7,375)	(20,158)
Other	615,834	686,260
	<u>608,459</u>	<u>666,102</u>
<b>(c) Finance Costs</b>		
Interest expense		
- Other loans	688,590	958,564
- Finance leases	636,768	723,343
Finance charges	7,265	5,153
	<u>1,332,623</u>	<u>1,687,060</u>
<b>(d) Depreciation</b>		
- Property, plant and equipment	2,779,465	2,274,035
- Leased assets	289,831	415,539
Total depreciation	<u>3,069,296</u>	<u>2,689,574</u>
<b>(e) Employee Benefits expense</b>		
Wages and salaries	26,368,582	17,312,271
Other employee benefits	330,115	34,490
Superannuation	2,365,866	1,939,982
Workers Compensation costs	696,342	476,288
	<u>29,760,905</u>	<u>19,763,031</u>
<b>(f) Lease payments in income statement</b>		
Lease and rental expenses	<u>1,669,147</u>	<u>1,374,177</u>
<b>(g) Auditor's remuneration</b>		
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	80,000	83,923
- Other services	-	-
	<u>80,000</u>	<u>83,923</u>
<b>(h) Inventory expense</b>		
Costs of inventories recognised as an expense	<u>8,918,891</u>	<u>7,946,800</u>
<b>(i) Acquisition costs</b>		
Acquisition costs associated with Captain Cook Cruises-		
- Stamp Duty	-	597,773
- Legal fees	-	104,761
	<u>-</u>	<u>702,534</u>

**SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

3 INCOME TAX	Consolidated 30 JUNE 2013 \$	Consolidated 30 JUNE 2012 \$
The major components of Income tax expense that relate to continuing operations are:		
Current tax	2,226,451	1,849,293
Deferred tax	(1,151,393)	(176,620)
Under (over) provision in respect of prior years	(186,177)	28,101
Income tax expense reported in the Income statement	<u>888,881</u>	<u>1,700,774</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	7,912,218	5,535,008
Accounting profit before tax from discontinued operations	-	(296,720)
Accounting profit before tax from the disposal of New Zealand Operations	-	11,213,904
Accounting profit before tax	<u>7,912,218</u>	<u>16,452,192</u>
Income tax expense calculated at 30% of operating profit	<u>2,373,665</u>	<u>4,935,858</u>
Other	8,594	31,136
Non-deductible expenses (goodwill / share option cost)	25,468	2,548
Amounts under / (over) provided in prior years	(186,177)	28,101
Tax consolidation benefit	(1,332,669)	-
Sale of Sealink NZ - Exempt Income	-	(3,364,171)
Income tax expense	<u>888,881</u>	<u>1,633,272</u>
Income tax reported in the consolidated Income statement	<u>888,881</u>	<u>1,700,774</u>
Income tax attributable to a discontinued operation	-	(67,502)
	<u>888,881</u>	<u>1,633,272</u>

**Deferred Income tax**

Deferred Income tax at 30 June relates to the following:	Statement of Financial Position		Statement of Comprehensive Income	
	30 JUNE 2013	30 JUNE 2012	30 JUNE 2013	30 JUNE 2012
<b>CONSOLIDATED</b>				
<i>Deferred tax assets</i>				
Provision for doubtful debts	5,355	5,355	-	24,516
Government grant	70,689	77,180	6,491	-
Accruals	24,000	25,177	1,177	6,492
Capital expense timing differences	45,234	72,330	27,096	(12,175)
Right to Future Income	19,607	-	(90,763)	115,665
Asset timing depreciation differences	306,517	312,142	5,625	-
Employee entitlements	1,378,022	1,229,375	(148,647)	(311,136)
Total deferred tax assets	<u>1,849,424</u>	<u>1,721,559</u>		<u>(117,395)</u>
<i>Deferred tax liabilities</i>				
Accelerated depreciation for tax purposes	569,443	1,543,569	(945,667)	
Consumables	87,158	93,873	(6,715)	67,306
Total deferred tax liabilities	<u>656,601</u>	<u>1,637,442</u>		<u>50,107</u>
Deferred Income tax expense			<u>(1,151,393)</u>	<u>(176,620)</u>

**4 TRADE AND OTHER RECEIVABLES (CURRENT)**

Trade receivables	1,880,444	1,820,823
Other	323,669	470,214
Allowance for doubtful debts	(17,049)	(17,849)
	<u>2,186,284</u>	<u>2,273,188</u>

Trade receivables are non-interest bearing and are generally on 30-60 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	Receivables past due but not impaired.	Receivables past due but not impaired.	Receivables past due but not impaired.	Impaired
		0-30 days	31-60 days	61-90 days	Over 90 days	
2013 - Consolidated	1,880,444	1,183,393	548,474	112,225	18,503	17,849
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 2013**

	Consolidated 30 JUNE 2013 \$	Consolidated 30 JUNE 2012 \$
<b>5 INVENTORIES</b>		
Fuel (at cost)	237,259	263,184
Goods held for resale (at cost)	265,937	277,879
Spare Parts	491,344	413,000
Brochures (at cost)	<u>40,542</u>	<u>54,193</u>
Total current inventories	<u>1,035,082</u>	<u>1,008,266</u>
<b>6 PREPAYMENTS</b>		
Prepayments	<u>1,253,304</u>	<u>1,406,777</u>
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Land and buildings</b>		
<i>Cost</i>		
Opening balance	12,865,121	6,555,464
Additions	49,612	6,691,840
Transfers to Capital works-in progress	-	(234,773)
Disposals	-	(147,410)
Closing balance	<u>12,914,733</u>	<u>12,865,121</u>
<i>Accumulated depreciation</i>		
Opening balance	1,291,218	1,032,754
Depreciation for the year	2 (d) 252,165	258,464
Closing balance	<u>1,543,383</u>	<u>1,291,218</u>
Total land and buildings, net	<u>11,371,350</u>	<u>11,573,903</u>
<b>Plant and equipment</b>		
<i>Cost</i>		
Opening balance	6,683,220	9,267,953
Transfers	1,765,142	234,773
Additions	590,281	808,245
Disposals	(110,813)	(3,627,761)
Closing balance	<u>8,927,830</u>	<u>6,683,220</u>
<i>Accumulated depreciation</i>		
Opening balance	2,660,082	3,901,564
Transfers	1,387,339	-
Depreciation for the year	2 (d) 792,250	705,051
Disposals	(85,123)	(1,946,533)
Closing balance	<u>4,754,548</u>	<u>2,660,082</u>
Total plant and equipment, net	<u>4,173,282</u>	<u>4,023,138</u>
<b>Plant and equipment under lease</b>		
<i>Cost</i>		
Opening balance	3,512,587	3,217,724
Additions	-	342,871
Transfers	(1,765,142)	-
Disposals	-	(48,008)
Closing balance	<u>1,747,445</u>	<u>3,512,587</u>
<i>Accumulated depreciation</i>		
Opening balance	1,947,756	1,538,337
Depreciation for the year	2 (d) 289,831	415,539
Transfers	(1,387,339)	-
Disposals	-	(6,120)
Closing balance	<u>850,248</u>	<u>1,947,756</u>
Total leased plant and equipment, net	<u>897,197</u>	<u>1,564,831</u>

**SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Consolidated 30 JUNE 2013 \$	Consolidated 30 JUNE 2012 \$
<b>7 PROPERTY, PLANT AND EQUIPMENT (CONT)</b>			
<i>Ferry</i>			
<i>Deemed Cost</i>			
Opening balance		-	3,016,145
Additions		-	-
Disposals		-	(3,016,145)
Closing balance		-	-
<i>Accumulated depreciation</i>			
Opening balance		-	2,170,582
Depreciation for the year	2 (d)	-	11,646
Disposals		-	(2,182,228)
Closing balance		-	-
Total ferry, net		-	-
<i>Ferries</i>			
<i>Cost</i>			
Opening balance		47,083,564	44,250,795
Additions		1,401,573	16,341,986
Disposals		-	(13,509,217)
Closing balance		48,485,137	47,083,564
<i>Accumulated depreciation</i>			
Opening balance		14,177,037	17,384,250
Depreciation for the year	2 (d)	1,735,050	1,298,874
Disposals		-	(4,506,087)
Closing balance		15,912,087	14,177,037
Total ferries, net		32,573,050	32,906,527
<i>Capital works-in-progress</i>			
Penneshaw Terminal		773,772	220,779
Ferry		707,878	-
Total		1,481,650	220,779
<b>Total property, plant and equipment, net</b>		<b>50,486,529</b>	<b>50,289,178</b>
<b>8 INTANGIBLE ASSETS</b>			
Goodwill - at cost		6,895,631	6,895,631
Less - Accumulated impairment		(177,239)	(94,420)
Total intangible assets, net		6,718,392	6,801,211

Goodwill acquired through business acquisitions has been allocated to the KI Odysseys, Sealink Queensland and Sydney Travel Travel Centre cash generating units (CGU's). The Group's impairment testing compares the carrying value of each CGU with its recoverable amount as determined using a value in use calculation. The Group performed its annual impairment test at 30 June 2013.

The assumptions for determining the recoverable amount of the Sealink Queensland CGU are based on past experience and Senior Management's expectations for the future. The cash flow projections are based on annual financial budgets approved by senior management extrapolated using consistent growth rates for a five-year period. A terminal growth rate of 2% has been used to extrapolate cash flows beyond the five year forecast period that is based on senior management's expectations of the long-term performance of the CGU within the respective market. The pre-tax discount rate applied to cash flow projections to arrive at a position where the recoverable amount aligned with the carrying value of the CGU exceeded the anticipated range of 15 - 20% for like assets within the same industry. As a result of the updated analysis, management did not identify an impairment for this CGU to which goodwill of \$6,420,392 is allocated.

During the 2013 financial year, goodwill of \$82,819 in relation to the Ski Connection which provided a bus service to Victoria was fully provided for as it no longer operates.

**9 TRADE AND OTHER PAYABLES (CURRENT)**

Unsecured:

Trade creditors (i)	3,849,564	3,249,535
Deferred income - Government grant	21,803	22,000
Prepaid travel (ii)	2,563,932	3,126,769
Sundry payables and accruals	1,832,773	1,148,680
<b>Total current trade and other payables</b>	<b>8,268,072</b>	<b>7,546,984</b>

(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 2013 (2012: 1 July 2012).

**SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	Consolidated 30 JUNE 2013 \$	Consolidated 30 JUNE 2012 \$
<b>10 INTEREST BEARING LOANS AND BORROWINGS (CURRENT)</b>		
Secured:		
Bank Overdraft (i)	1,301,568	-
Bank loans (i)	-	12,000,000
Lease liabilities (ii) (Note 18)	<u>937,178</u>	<u>1,422,821</u>
Total current interest bearing liabilities	<u>2,238,744</u>	<u>13,422,821</u>

- (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.

**11 PROVISIONS (CURRENT)**

Dividends (refer note 26)

Opening balance	-	-
Paid during the year	(4,026,000)	(7,782,500)
Declared during the year	<u>4,026,000</u>	<u>7,782,500</u>
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 entitlements	<u>3,715,511</u>	<u>3,395,566</u>
-----------------------	------------------	------------------

**12 PAYABLES (NON-CURRENT)**

Deferred Income - Government grant	<u>483,824</u>	<u>235,266</u>
Total non-current payables	<u>463,824</u>	<u>235,266</u>

**Government Grants**

During the year, grants of \$250,000 were received in relation to the construction of the Penneshaw Terminal. These will be released to Income equally over the expected useful life of the asset once the Penneshaw Terminal is completed.

Previous grants released to Income totalled \$21,639 (2012:\$21,639).

**13 INTEREST BEARING LOANS AND BORROWINGS (NON-CURRENT)**

Secured:		
Bank loans (i)	12,500,000	6,000,000
Lease liabilities (ii) (Note 18)	<u>4,697,666</u>	<u>5,137,617</u>
	<u>17,197,666</u>	<u>11,137,617</u>

(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. Other facilities have a maturity date of January 2015.

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 \$30,574,000 (2012: 35,629,000) were available to the economic entity at the end of the financial year. As at that date \$20,346,204 (2012: \$25,468,610) of these facilities were in use.

**14 PROVISIONS (NON-CURRENT)**

Employee Entitlements	<u>877,897</u>	<u>702,349</u>
-----------------------	----------------	----------------

**SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	Consolidated 30 JUNE 2013 \$	Consolidated 30 JUNE 2012 \$	No. of Shares on Issue	
			30 JUNE 2013	30 JUNE 2012
<b>15 CONTRIBUTED EQUITY</b>				
Issued and fully paid			55,000,000	55,000,000
65,000,000 ordinary shares	<u>8,751,000</u>	<u>8,751,000</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	<u>13,361,836</u>	<u>13,361,837</u>
Total Assets	<u>13,361,836</u>	<u>14,160,333</u>
Current Liabilities	330,474	-
Non-current Liabilities	<u>4,280,362</u>	<u>5,409,333</u>
Total Liabilities	<u>4,610,836</u>	<u>5,409,333</u>
Net Assets	<u>8,751,000</u>	<u>8,751,000</u>
Contributed equity	8,751,000	8,751,000
Reserves	464,091	462,013
Retained profits	<u>(464,091)</u>	<u>(462,013)</u>
Total Parent Equity	<u>8,751,000</u>	<u>8,751,000</u>
Profit or loss of the parent entity	<u>4,023,922</u>	<u>7,774,008</u>
Total comprehensive income of the parent entity	<u>4,023,922</u>	<u>7,774,008</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	1,005,302	1,575,493
Bank Overdraft	<u>(1,301,566)</u>	<u>-</u>
Cash and cash equivalents	<u>(296,264)</u>	<u>1,575,493</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	7,023,337	14,818,920
<b>Non-Cash Items</b>		
Depreciation and amortisation of non-current assets	3,089,296	2,689,574
Deferred income	<u>(21,639)</u>	<u>(21,639)</u>
Loss/(Profit) on disposal of non-current assets	7,375	20,158
Profit on sale of New Zealand related assets	-	<u>(11,213,904)</u>
Share Option cost	2,078	8,492
Goodwill Impairment	82,819	-
<b>Changes in net assets and liabilities</b>		
Tax balances Increase/(Decrease)	20,264	<u>(1,245,715)</u>
Current trade receivables Decrease/(Increase)	86,904	<u>(825,635)</u>
Current inventories (Increase)/Decrease	<u>(26,826)</u>	<u>(137,812)</u>
Other current assets Decrease/(Increase)	153,473	<u>(111,330)</u>
Current trade and other creditors Increase/(Decrease)	721,285	426,334
Employee entitlements Increase/(Decrease)	<u>495,493</u>	<u>345,111</u>
Net cash provided by operating activities	<u>11,613,859</u>	<u>4,752,554</u>



**SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	Consolidated 30 JUNE 2013 \$	Consolidated 30 JUNE 2012 \$
<b>18 FINANCIAL COMMITMENTS</b>		
a) Capital expenditure commitments:		
Vessels, plant and equipment	<u>4,113,473</u>	<u>-</u>
b) Commitments under non-cancellable operating leases:		
Not later than one year	2,879,304	2,575,513
Later than one year but not later than five years	4,751,484	3,589,457
Later than five years	<u>2,660,172</u>	<u>3,472,320</u>
	<u>10,290,959</u>	<u>9,637,290</u>
c) Finance lease commitments:		
Not later than one year	1,326,242	1,422,821
Later than one year but not later than five years	<u>5,302,270</u>	<u>6,576,218</u>
Minimum lease payments	6,628,512	7,999,039
Future finance charges	<u>(993,668)</u>	<u>(1,438,601)</u>
Net finance lease liability	<u>5,634,844</u>	<u>6,560,438</u>
Included in the accounts as:		
Reconciled to:		
Current liability (Note 10)	937,178	1,422,821
Non-current liability (Note 13)	<u>4,697,666</u>	<u>5,137,617</u>
	<u>5,634,844</u>	<u>6,560,438</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)
Mrs L Turnbull	Director - (non-executive) - Appointed 1st August, 2013
Mr J R Ellison	Managing Director and Chief Executive Officer

Other Key Management Personnel -

Ms D Gauci	General Manager, Sealink South Australia
Mr T Waller	Chief Financial Officer, Company Secretary
Mr A Haworth	General Manager, Captain Cook Cruises
Mr P Victory	General Manager, Sealink Queensland

(b) Key Management Personnel Remuneration

Short-Term	1,501,027	1,244,050
Post employment	98,814	74,088
Other long-term	-	-
Termination Benefits	-	-
Share-based payment	<u>-</u>	<u>-</u>
	<u>1,599,841</u>	<u>1,318,138</u>

There are no loans to directors or key management personnel.

(c) Other

There were no share options granted during the year under the Employee Share Option Plan (2012; 31,250). 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**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**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 \$8,164 from Vecira Corporation Ltd, a company associated with Mr C Smerdon (2012: \$7,982);
- Purchases and services totalling \$94,906 from Coachlines Australia and Tourism and Allied, companies associated with Mr C Smerdon (2012: \$67,301);
- Purchases and services totalling \$3,267 from Pacific Marine, a company associated with Mr T Dodd (2012: \$nil);
- Purchases and services totalling \$159,465 from Sydney Fast Ferries, a company associated with Mr T Dodd (2012: \$51,494);

**20 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

**Contingent Liabilities**

There are no current or potential claims against the Company or the consolidated entity (2012: \$101,701).

**Contingent Assets**

There were no contingent assets as at June 30, 2013 (2012: nil).

**21 CONTROLLED ENTITIES**

	Book value of parent entity's investment 30 June 2013	Book value of parent entity's investment 30 June 2013	Contribution to consolidated result for the period	
			30 June 2013	30 June 2012
<b>Related bodies corporate -</b>				
<b>Subsidiaries Incorporated In Australia</b>	\$	\$	\$	\$
Kangaroo Island Sealink Pty Ltd	3,000,000	3,000,000	6,142,833	14,763,717
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	10,206,238	10,206,238	1,032,018	135,579
STG Properties Pty Ltd	-	-	(24,904)	(24,704)
Australia Inbound Pty Ltd	(i)	-	-	-
The South Australian Travel Company Pty Ltd	(i)	-	148,996	488,089
Kangaroo Island Odysseys Pty Ltd	(i)	-	-	-
Captain Cook Cruises Pty Ltd (previously Hog Bay Inn P/L)	120,000	120,000	311,075	129,264
Sealink Vessels Pty Ltd	-	-	-	-
Sealink Marina Pty Ltd	-	-	-	-
TravelLink Technology Pty Ltd	(i)	-	(681,791)	(476,671)
Vivonne Bay Outdoor Education Centre Pty Ltd	(i)	-	139,169	54,635
The Living Classroom Pty Ltd	(i)	-	(44,059)	(46,345)
Magnetic Island Cruise Corporation Pty Ltd	(ii)	-	-	-
PDW Pty Ltd	(ii)	-	-	-
Sunferries Travel Pty Ltd	(ii)	-	-	-
<b>Incorporated In New Zealand and sold</b>				
SeaLink New Zealand Ltd	-	-	-	(196,151)
Sealink Travel Group NZ Ltd	-	-	-	-
FreightLink Ltd (51% ownership)	-	-	-	-

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

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

All subsidiaries Incorporated In Australia 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.

**22 EVENTS AFTER THE BALANCE SHEET DATE**

On 6 August, 2013, Sealink entered into a Services Funding Agreement with the Northern Territory Government, to provide ferry services from Darwin to Cullen Bay to Mandorah. The services will commence in September, 2013, and as a result, Sealink will be required to purchase one further ferry as well as relocate an existing Townsville ferry to Darwin. A further service from Cullen Bay, Darwin to Tiwi Islands is also being contemplated.

A fully franked dividend of \$935,000 representing 1.70 cents per share was declared by the Directors on 2 July 2013 and paid 18 July 2013. Apart from the above, 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 2013**

**23 COMPANY INFORMATION**

The financial report of the Company for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of directors on 23 August, 2013. 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 financial instruments is to raise finance for group operations.

**(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 fuel pricing risk.

**Interest rate risk.**

Interest rate risk is managed with a mixture of floating and fixed rate debt. At 30 June 2013, approximately 60% of the Group's financial liabilities is fixed (2012: 55%).

**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	1 to 5 years	Total	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Financial Assets</b>								
<i>Floating Rate</i>								
Cash Assets	1.1%	1.1%	1,005,302	1,575,493	-	-	1,005,302	1,575,493
<b>Financial Liabilities</b>								
<i>Floating Rate</i>								
Overdraft	5.20%	5.46%	1,301,566	-	-	-	1,301,566	-
Bills of exchange	3.88%	5.48%	-	12,000,000	6,500,000	-	6,500,000	12,000,000
<i>Fixed Rate</i>								
Bills	4.94%	4.70%	-	-	6,000,000	6,000,000	6,000,000	6,000,000
Leases	6.55%	7.12%	937,178	1,422,821	4,697,666	5,137,617	5,634,844	6,560,438
<b>Not Exposure</b>			<b>(1,233,442)</b>	<b>(11,847,328)</b>	<b>(17,197,666)</b>	<b>(11,137,617)</b>	<b>(18,431,108)</b>	<b>(22,984,945)</b>

**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-

	Consolidated 30 JUNE 2013	Consolidated 30 JUNE 2012
Judgement of reasonably possible movements -	\$	\$
Movement of +0.5%	(27,305)	(42,000)
Movement of -1%	54,611	84,000

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 2013**

**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	2013	2013	2012	2012
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
<b>Financial Assets</b>				
Cash	1,005,302	1,005,302	1,575,493	1,575,493
Trade and other receivables	2,186,284	2,186,284	2,273,188	2,273,188
Other financial assets	1,253,304	1,253,304	1,406,777	1,406,777
<b>Financial Liabilities</b>				
Bank overdraft	1,301,566	1,301,566	-	-
Bill facilities	12,500,000	12,363,076	18,000,000	18,234,094
Lease and hire purchase	5,634,844	5,634,844	6,560,438	6,560,438
Trade and sundry creditors	5,682,337	5,682,337	4,398,215	4,398,215

**25 RESERVES**

**(a) Foreign Currency Translation Reserve**

Opening Balance	-	(368,824)
Movement for the year	-	368,824
Closing balance	-	-

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, the balance of the reserve has been reclassified from equity to Profit and Loss.

**(b) Share Option Reserve**

Opening Balance	462,013	453,521
Movement for the year	2,078	8,492
Closing balance	464,091	462,013

**TOTAL RESERVES**

	464,091	462,013
--	---------	---------

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 27 for further details of these option plans.

**28 DIVIDENDS**

	Consolidated 30 JUNE 2013	Consolidated 30 JUNE 2012
	\$	\$
<b>Distributions paid -</b>		
Interim fully franked dividend for 2013 of 3.66 cents per share paid 15/04/13.	2,013,000	-
Fully franked dividend for 2012 of 3.66 cents per share paid 16/10/12.	2,013,000	-
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 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	6,153,837	7,860,820
Franking debits arising from a dividend paid 18th July, 2013.	(400,714)	-
Franking credits that will arise from the payment of Income tax as at the end of the financial year.	150,000	-
	5,903,123	7,860,820

**SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**27 SHARE OPTION PLANS**

	Consolidated 30 JUNE 2013	Consolidated 30 JUNE 2012
(a) Recognised share-based payment expenses;	\$	\$
Expense arising from options Issued In 2010	-	6,400
Expense arising from options issued in 2012	2,078	2,092
Total expense	<u>2,078</u>	<u>8,492</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	5 years after the Company has listed	\$1.40

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

*Employee Share Option Plan "ESOP"*

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 2013		30 JUNE 2012	
	Number	WAEP	WAEP	WAEP
Outstanding at the beginning of the year	7,596,250	1.31	7,565,000	1.31
Granted during the year (under the Employee Share Option Plan)	-	n/a	31,250	1.30
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>7,596,250</u>	<u>1.31</u>

The outstanding balance is represented by -

Type of Option	30 JUNE 2013	30 JUNE 2012
A	3,423,125	3,423,125
B	3,423,125	3,423,125
C	750,000	750,000
	<u>7,596,250</u>	<u>7,596,250</u>

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

(c) Option pricing Model

The fair value of options granted in previous years was 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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**28 EARNINGS PER SHARE**

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are the same as basic earnings per share. There are 7,596,250 share options excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future if exercised.

There have been no other transactions involving ordinary shareholders or potential ordinary shares between the reporting date and the date of approval of these financial statements.

**29 SEGMENT INFORMATION**

For management purposes, the Group is organised into business units and has 3 main reporting segments -

- Kanagaroo Island Sealink ("KIS") Including Head Office;
- Captain Cook Cruises ("CCC"); and
- Sealink Queensland ("SQ") which will include the operations of Sealink Northern Territory.

The Board and Executive Committee monitors the operating results of each Business Unit separately for the purpose of making decisions about strategy, resource allocation, cost management and performance assessment. Segment performance is measured consistently with operating profit or loss in the consolidated financial statements. Group Income taxes are managed on a Group basis and are not allocated to the segments below.

Year ended 30 June 2013	KIS \$	CCC \$	SQ \$	Eliminations	Consolidated
Total Revenue	50,590,850	31,863,738	10,821,360	(1,297,766)	91,978,182
<b>Results</b>					
Depreciation	1,359,800	1,103,807	605,689	-	3,069,296
Goodwill impairment	82,819	-	-	-	82,819
<b>Segment profit before tax - continuing operations after</b>	<b>6,569,713</b>	<b>160,169</b>	<b>1,182,336</b>	<b>-</b>	<b>7,912,218</b>
Operating Assets	39,313,407	25,030,910	16,542,007	(18,191,431)	62,694,893
Operating liabilities	16,679,057	24,330,233	5,263,901	(13,511,477)	32,761,714
Capital Expenditure	1,420,008	1,724,774	157,557	-	3,302,337

Inter-segment revenues are eliminated on consolidation and reflected in the eliminations column.

Year ended 30 June 2012	KIS \$	CCC \$	SQ \$	Eliminations	Consolidated
Total Revenue	50,668,814	19,487,751	9,863,471	(335,652)	79,684,384
<b>Results</b>					
Depreciation	1,480,324	655,775	553,475	-	2,689,574
<b>Segment profit before tax - continuing operations</b>	<b>5,136,959</b>	<b>184,663</b>	<b>213,386</b>	<b>-</b>	<b>5,535,008</b>
Head Office expenses for 2012 have not been allocated to CCC and SQ as the necessary information is not available and the cost to develop it would be excessive.					
Operating Assets	35,324,185	24,797,058	15,439,136	(12,206,276)	63,354,103
Operating liabilities	13,570,784	24,500,070	6,158,951	(17,789,202)	26,440,603
Capital Expenditure	1,071,913	95,788	638,020	-	1,805,721

Reconciliation of assets and liabilities	Consolidated 30 JUNE 2013 \$	Consolidated 30 JUNE 2012 \$
Segment operating assets	62,694,893	63,354,103
Current tax receivable	-	798,496
Deferred tax assets	1,849,424	1,721,559
Group total assets	<u>64,544,317</u>	<u>65,874,158</u>
Segment operating liabilities	32,761,714	26,440,603
Current tax liabilities	330,474	-
Deferred tax liabilities	656,601	1,637,442
Group total liabilities	<u>33,748,789</u>	<u>28,078,045</u>

## 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, which comprises the consolidated statement of financial position as at 30 June 2013, 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.



Building a better  
working world

## Opinion

In our opinion:

- a. the financial report of Sealink Travel Group Ltd 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 2013 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

David Sanders  
Partner  
Adelaide  
23 August 2013





Building a better  
working world

Ernst & Young  
121 King William Street  
Adelaide SA 5000 Australia  
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600  
Fax: +61 8 8417 1775  
ey.com

## 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 for the financial year ended 30 June 2013, 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.

*Ernst & Young*

Ernst & Young

David Sanders  
Partner  
23 August 2013