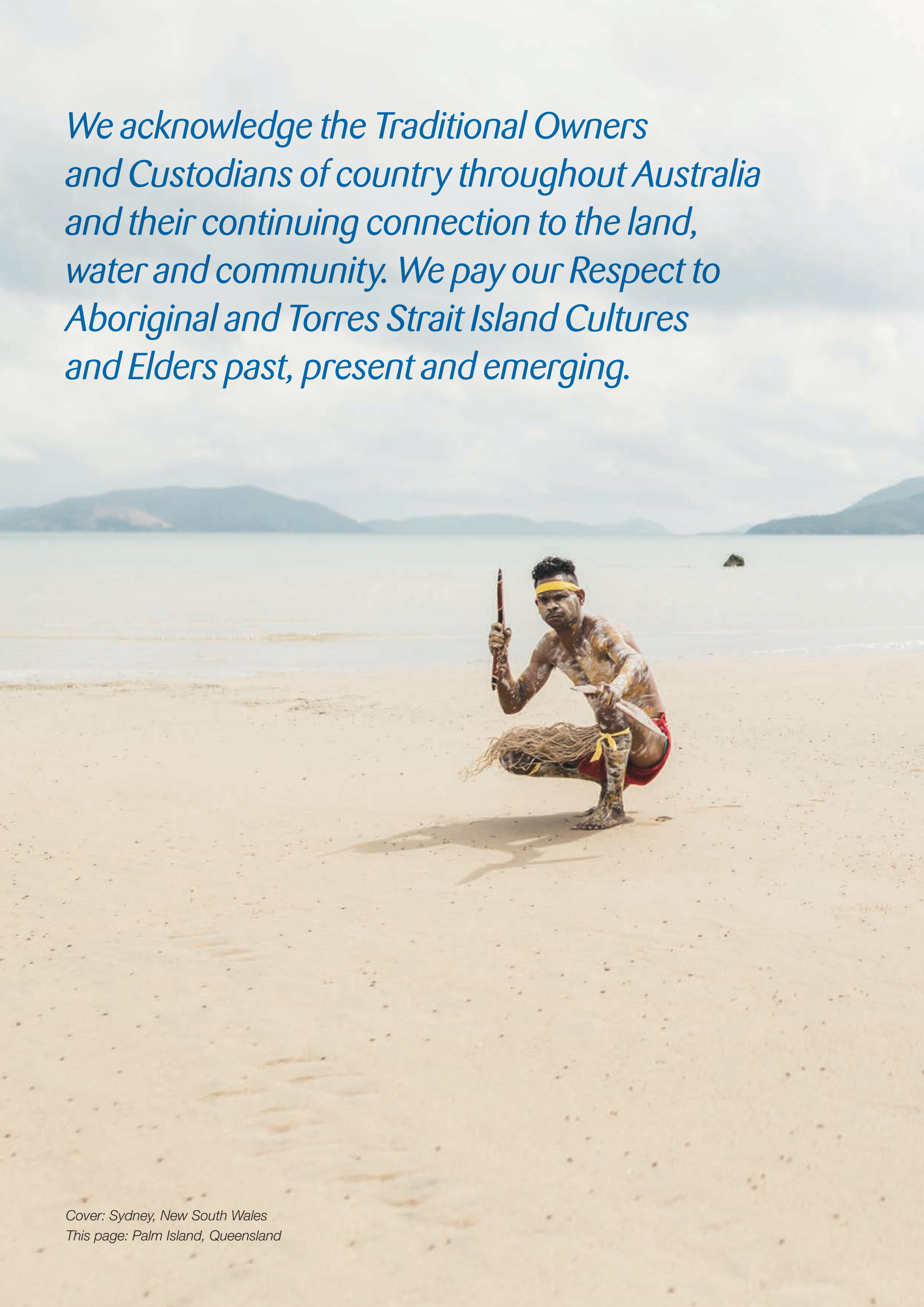
SEALINK
Travel Group

Annual Report

2019 – 2020

We acknowledge the Traditional Owners and Custodians of country throughout Australia and their continuing connection to the land, water and community. We pay our Respect to Aboriginal and Torres Strait Island Cultures and Elders past, present and emerging.



Cover: Sydney, New South Wales
This page: Palm Island, Queensland

At SeaLink we are dedicated to connecting people, linking communities, sharing experiences, and creating brilliant memories.

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Adelaide, South Australia

SEALINK TRAVEL GROUP

SeaLink provides innovative and efficient transport solutions that link people and communities with places and experiences. With a genuine care for our customers, people and the environment, we believe in delivering safe, convenient and sustainable transport that keeps people connected.

SeaLink Travel Group is Australia's largest land and marine tourism and public transport service provider with established international operations.

It is one of Australia's most experienced and diverse multi-modal transport businesses, boasting performance-driven capabilities across ferry, bus and light rail.

The Group is made up of SeaLink marine and tourism operations and facilities, and Transit Systems Group, with domestic and international public transport contracts, with operations in seven Australian states and territories, as well as Singapore and London.

The Group moves more than 280 million customers per year, has over 8,600 employees and operates approximately 3,500 buses and 80 ferries.

SeaLink is a business with a focus on innovation, and is leading the way in the area of sustainable transport and tourism experiences, with the introduction of electric buses in Perth and London underway, an electric bus trial currently operating in NSW, on demand services in Sydney, and is part of the world's first hydrogen consortium, the H2OzBus Project. As well as operating an eco-tourism resort on the world heritage listed, Fraser Island and eco experiences and tours in Queensland and South Australia.

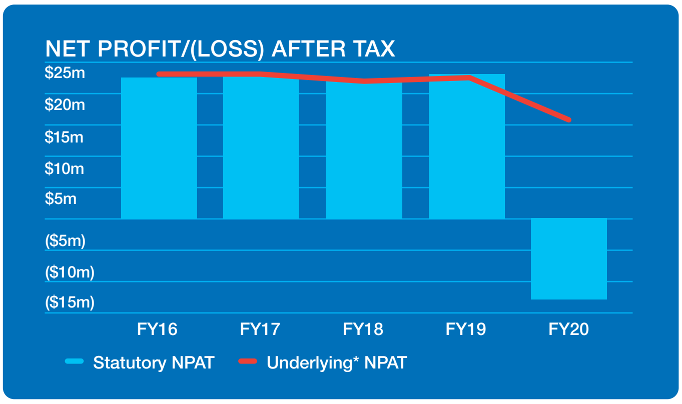
Headquartered in Adelaide since 1989, the business has experienced a remarkable period of growth, the most recent example being the acquisition of Transit Systems Group in January 2020. Together, SeaLink has emerged as a leader in both public transport and local tourism, bringing together Australia's most dynamic travel company and a global transport leader.

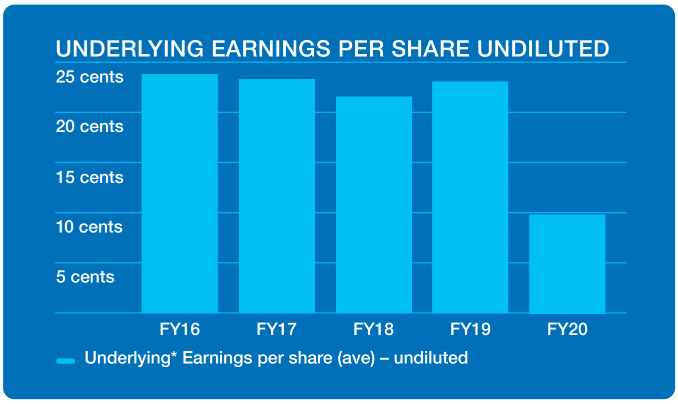
Noteably, the Group was awarded the Brisbane City Council contract for the CityCat and CityFerry operation in June 2020, signifying the success of the acquisition and the union of the two businesses.

FIVE YEAR FINANCIAL HIGHLIGHTS

SEALINK TRAVEL GROUP

PERFORMANCE		2016	2017	2018	2019	2020
Total Revenue	$m	176.8	201.4	209.4	251.3	**646.5**
Underlying* EBIT	$m	35.3	37.5	33.6	31.5	**29.9**
EBIT margin	%	19.9	18.6	16.0	12.5	**4.6**
Underlying* NPAT	$m	23.1	23.6	22.1	23.4	**16.4**
Underlying* EPS (basic)	cents	24.4	23.6	21.8	23.0	**9.9**
Dividend per share (100% franked)	cents	12.0	14.0	14.5	15.0	**11.0**
FINANCIAL STRENGTH						
Net assets	$m	137.0	147.7	152.2	157.9	**600.2**
NTA per share	cents	89.0	100.0	101.0	106.0	**5.0**
Gearing	%	33	31	46	36	**31**





*Adjusted for significant items for the period ending 30 June 2020 on a pre-AASB 16 basis. This is a non-IFRS measure and has not been audited.

OUR PUBLIC TRANSPORT GOVERNMENT PARTNERS

Transport for London · TRANSLink · Brisbane City · Land Transport Auth · Northern Territory Government · Public Transport Authority · Transport for NSW

8,600
EMPLOYEES

280M
PASSENGERS / YEAR

3,500
BUSES

80
FERRIES

12
CITIES

14
ISLANDS

Government of South Australia

Tasmanian Government

PUBLIC TRANSPORT VICTORIA PT

OUR AUSTRALIAN OPERATIONS

WESTERN AUSTRALIA

1561 STAFF, 12 VESSELS, 791 BUSES,
20 DEPOTS / PORTS, 10 CONTRACTS
25M PASSENGERS P.A.

VICTORIA

270 STAFF, 175 BUSES,
1 DEPOT, 1 CONTRACT
2M PASSENGERS P.A.

SOUTH AUSTRALIA

1698 STAFF, 5 VESSELS, 24 TRAMS, 863 BUSES,
14 DEPOTS / PORTS, 5 CONTRACTS
33M PASSENGERS P.A.

QUEENSLAND

654 STAFF, 36 VESSELS, 36 BUSES,
13 DEPOTS / PORTS, 8 CONTRACTS
3M PASSENGERS P.A.

NORTHERN TERRITORY

98 STAFF, 4 VESSELS, 38 BUSES,
2 DEPOTS / PORTS, 4 CONTRACTS
2M PASSENGERS P.A.

NEW SOUTH WALES

2132 STAFF, 19 VESSELS, 847 BUSES,
9 DEPOTS / PORTS, 6 CONTRACTS
60M PASSENGERS P.A.

TASMANIA

45 STAFF, 4 VESSELS,
2 PORTS, 1 CONTRACT
300,000 PASSENGERS P.A.

AUSTRALIA WIDE

6458 STAFF, 80 VESSELS,
2750 BUSES, 24 TRAMS,
61 DEPOTS / PORTS,
35 CONTRACTS
125M PASSENGERS P.A.

SealLink's approach to corporate social responsibility is through Diversity, Reconciliation, Teams, Community and Sustainability actions.

These pillars are important to our people and the communities in which we work and we believe by focusing on these we will make a positive impact. By providing a safe and satisfying workplace SeaLink can contribute to a healthier environment, celebrate diversity, acknowledge our role in reconciliation and improve regional economic opportunities.

This is a snapshot of some of the initiatives and programs SeaLink Travel Group has embarked on over the past financial year.

DIVERSITY

This year, we revised our Group Diversity and Equity Policy, focused on providing equal opportunities to all and fostering inclusiveness. We believe that our business and the community benefits by bringing together talented people of different gender and gender identity, sexual orientation, religious beliefs, age, ethnicity and cultural backgrounds, disability, marital or parental status, educational background and socioeconomic status.

RECONCILIATION

SeaLink's first Reconciliation Action Plan (RAP) was launched in 2018 to provide a framework for SeaLink Travel Group to support reconciliation and engagement with Aboriginal and Torres Strait people, employees and communities. This year SeaLink expanded relationships with traditional owners, Land Councils and Regional Shire Councils in remote communities including agreeing to service contracts with the Groote Eylandt Aboriginal Trust, the Anindilyakwa Land Council, the Palm Island Aboriginal Shire Council and Quandamooka Yoolooburrabee Aboriginal Corporation. With the acquisition of the Transit Systems Group, SeaLink have embarked on renewing our Reconciliation Action Plan to continue building an organisational culture that embraces and incorporates recognition, acknowledgement and understanding of Aboriginal and Torres Strait Islander peoples and culture.

TEAMS

Connecting and engaging with our predominantly deskless workforce has always been a challenge and this year, we committed to ensuring our entire team – globally, would have access to information and a digitised employee experience through a roll out of an employee app over the coming year. Our focus on the safety and wellbeing of our staff during the last year has also enabled a significant increase in our employees capability to work from home and improved the focus on communication that has improved the integration of our teams with the acquisition of Transit Systems Group.

COMMUNITY

Our significant commitment to the local communities was best demonstrated this year when extreme fires burnt more than 50% of Kangaroo Island. SeaLink staff, crew and vessels were immediately activated to assist with bushfire recovery and along with a huge staff volunteer support package more than half-a-million dollars in immediate cash support for the local community was provided by SeaLink and its Directors to the Kangaroo Island's Mayor's Bushfire fund.

In every community where we work, SeaLink has a bespoke local content plan to capture the needs of the community and empower our teams on the ground to take pride in the outcomes. Support for local communities primarily takes the shape of charitable donations, sponsorship support and the provision of in-kind services. SeaLink are highly aware of our responsibility to local residents and local services.

SUSTAINABILITY

SeaLink has a strong record of innovation and is actively pursuing opportunities to deploy hydrogen fuel cell buses in Australia and Singapore, supported by the extensive practical experience gained from operating a fleet of Hydrogen Fuel Cell buses in London as part of the Transport for London-led Clean Hydrogen in European Cities (CHIC) and 3Emotion projects. The Projects concluded earlier this year – after 7 years of successful operation in one of the world's great cities. In May 2020, we joined forces with strategic partners Ballard Power Systems, BOC Limited, Palisade Investment Partners and ITM Power ('Consortium'), by signing a memorandum of understanding as a further step in evaluating and demonstrating the concept of hydrogen fuel cell electric buses for use in public bus transport in Australia.

In NSW, we also celebrated our one-year anniversary of the Transit Systems' electric buses in Region 6; part of the Transport for NSW trial and in Tasmania we undertook a feasibility project to consider building the new Tasmanian ferries with electric power systems.

Dear Shareholders,

It has been a very challenging year for many Australians, from bushfires over the summer holiday period right the way through the COVID-19 pandemic which we are still experiencing. I do want to acknowledge the difficulty many of our customers are suffering, particularly those on Kangaroo Island and in Victoria, our broader operating teams and of course the wider community.

From our perspective we've been very focused on doing what we can, which is to continue running our business as well as possible, responding and supporting our customers and making sure that we are consistently executing our strategy. Overall, our previously communicated strategy of growth by acquisition of infrastructure like assets has been well founded and impeccably timed.

The transformational acquisition of the Transit Systems Group on 16 January 2020 has made the combined operations a business with a very high proportion of contracted revenue, high-quality recurring earnings and entrenched competitive advantages.

The associated capital raising, and debt refinancing was a monumental achievement for SeaLink and placed us in a position of financial strength. We have continued our vision and are building on the strong businesses and opening opportunities for both companies to continue to lead a diverse land and sea transport industry. The success of our multi-modal approach can be seen by the recent winning of new bus contracts in Western Australia and South Australia, the Brisbane ferry contract and most recently a ferry contract to Hayman Island.

Our bus businesses have remained strong during this period with government backed revenue supporting 85% of revenue from our transport businesses.

Although the pandemic has had a devastating effect on many of our tourism businesses, our outstanding management team and the JobKeeper program have allowed us to keep our teams together and engaged with the company ready for when conditions recover.

As state borders reopen and consumer confidence grows, we see good opportunity in the Australian tourism market to return to strong sustainable earnings in our tourism businesses.

I take this opportunity to again thank our staff who have done an amazing job adapting and changing our businesses to limit the effect of the pandemic and seeking new opportunities to reduce costs and build new revenue opportunities.

Regarding earnings, SeaLink Travel Group Ltd has produced a Statutory Net Loss After Tax of $13.5 million for the full year. This is after one-off pre-tax costs of $29.9 million relating to the acquisition of Transit Systems Group and the impairment of certain assets and goodwill to reflect their lower utilisation levels due the coronavirus pandemic. Our Underlying Net Profit after Tax and before Amortisation was $37.2 million, noting this only includes five and half months contribution from the Transit Systems business, is more reflective of our new business strategy.

Shareholders will receive a 4.5 cents per share final dividend combined with the interim dividend of 6.5 cents per share, brings the full year dividend to 11.0 cents per share fully franked. (2019 15.0 cents). The Board of course considered a

Fraser Island, Queensland

range of different scenarios regarding the final dividend. he final decision is in line with our previous declared guidance of between 50% to 70% of Underlying NPATA, industry outlook and future business opportunities.

The economic outlook still remains highly uncertain, however we at SeaLink feel we are very well positioned for a range of different economic scenarios. We have a strong balance and good cashflow, the majority of our earnings is contracted with government and we have an excellent management team in place.

I am very pleased to acknowledge the appointment of Clint Feuerherdt as the new Group CEO on 16 January 2020. Clint was the former head of Transit Systems and brings with him enormous experience in public transport, government tendering, business growth and acquisition.

I would like to thank my fellow Board colleagues for their continued commitment and adding value through offering their diversity of skills and experience and active participation into the governance of the Group. A special welcome to our two new Board members, Neil Smith and Lance Hockridge, both of whom bring enormous experience to the board. Also thank you to our retiring Chairman Andrew McEvoy who provided great support and insight during a period of strong growth.

Finally, I would like to express my thanks to the broader SeaLink team of more than 8,600 employees all around Australia and overseas for their hard work and contribution during the year, and I look forward to our continuing success together.

Jeff Ellison
Chair
SeaLink Travel Group Limited

Clinton Feuerherdt (B.COM (HONS))
Group CEO

Clint joined SeaLink as Group CEO in 2020 following the acquisition of the Transit Systems Group. Clint was the CEO of Transit Systems Group for 10 years and, under his guidance, Transit Systems Australia was entrusted with more franchised bus service contracts than any other company in Australia, growing revenue by over 400%.

In 2012-2013 Clint led the expansion of Transit Systems Group into the United Kingdom, making Transit Systems Group the only Australian owned multinational public transport operator and further expanding into Singapore in 2015.

Clint has significant experience in managing a large commuter transport business, developing and fostering strong government relationships, tendering for large scale public transport contracts, successful international growth and a strong focus on employee and commuter safety and service excellence.

Clint graduated from the University of Queensland with an Honours Degree in Commerce and was awarded the University Medal. Clint previously worked in investment banking.

The successful acquisition and integration of the Transit Systems Group during the 2020 financial year has transformed SeaLink into an integrated, resilient, international multi-modal contracted transport business. This has been achieved during a period of unprecedented external events including overcoming the challenges and impacts of both the devastating bushfires across much of Australia during January 2020 and more recently the COVID-19 pandemic.

The first half of the year was tracking very strongly, with most marine and tourism operations ahead of forecast at the half-year point, in what was shaping up to be a very active summer trading period. The rationalisation and redeployment of vessels in Sydney placed the New South Wales business in a strong position pre COVID-19, evidenced by the half-year results in that segment.

During the post COVID-19 period, public commuter bus services have remained resilient and consistent, providing an essential service to the community in all geographies. Pleasingly, the Transit Systems Group performed in line with the acquisition base case, despite the pandemic. In addition, most of our ferry operations were well supported by state governments to continue to operate services to island communities, albeit on reduced frequency and capacity to comply with restrictions in place.

The integration of the Transit Systems Group has progressed well during this period. The broadening of the senior management team has been very timely to enhance the success of navigating through the pandemic. The new scale of our operations and deep relationships with government bodies has been a valuable asset as the effects of the pandemic were managed and cost base efficiencies were pursued.

The recent easing of restrictions has seen an improvement in trading from the Marine and Tourism operations as Australians begin travelling on an intra-state basis and we are well positioned to capitalise on this increased demand while international borders remain closed. The unique island destinations that we serve are very popular with domestic tourists and we have launched a national travel brand, Brilliant Travels, to promote all of our destinations through one convenient channel.

We remain focused on building a diverse geographic portfolio of contracted essential services and leveraging the strong market position we have in Australia serving a large number of iconic island destinations.

The Company has prudently decided to move to the lower end of the stated dividend pay-out range of 50-70% of underlying net profit after tax and before amortisation and has declared a final dividend of 4.5 cents per share, down from 8.5 cents in the prior comparable period. This brings the full year dividend to 11.0 cents per share, down from 15.0 cents per share last year.

Result Overview

The Company recorded a statutory Net Loss after Tax (NLAT) of $13.5 million compared to a statutory Net Profit After Tax of $21.5 million for the year ended June 2019. From a comparative perspective, the Company reported an underlying Net Profit After Tax and before Amortisation, excluding the impact of adoption of the new lease accounting standard AASB 16 ‘Leases’ of $37.2 million compared with $25.3 million in the prior year.

SeaLink's achievements in its key business segments for the year are:

- Underlying Net Profit After Tax and before Amortisation of $37.2 million, excluding the impact of adoption of the new lease accounting standard AASB 16 'Leases', up 47.2% on prior year with total revenue of $646.5 million
- Strong Gross Operating Cashflow
- Continued to modernise its asset base across the operations with the launch of new vessels in Tasmania and Queensland
- Acquisition of Transit Systems Group – announced 8 October 2019, settled on 16 January 2020
- Successful capital raising of $154 million to facilitate the Transit Systems Group acquisition
- Announcement of Mr Clint Feuerherdt as new Group CEO of SeaLink from completion of the acquisition on 16 January 2020
- New multi tranche debt and revolving credit facilities with three to five-year terms
- Contribution from Transit Systems Group business in line with acquisition metrics
- Decisive action taken to cut costs, conserve cash and scale back Marine and Tourism businesses as a consequence of COVID-19 restrictions
- Awarded the 10+5 year contract as operator of Brisbane City Council's iconic ferry network
- Extension of Canning and Southern River bus contracts in Western Australia to September 2024 and awarded the Joondalup bus contract
- Retention of the Marmion and Claremont bus contracts in Western Australia
- Extension of marine contracts in Gladstone, South East Queensland and Northern Territory
- Retained three existing bus contracts and awarded an additional bus contract plus a further light rail component for an 8+2 year term in South Australia
- Strengthening of the Board with the addition of Neil Smith (16 January 2020) and Lance Hockridge (1 July 2020) and their transport, infrastructure and international experience.

The Company continues to focus on its strategy of growth through acquisition as well as maximising organic revenue growth and profitability from its existing businesses, including the addition of new contracts, routes and products. We have an ongoing focus and commitment to margin enhancement initiatives, via pricing strategies as well as cost savings and efficiency gains. We continue to develop our technology knowledge base to provide data to better understand and manage capacity, yield growth, variable pricing and the impacts of passenger trends.

Our underlying cash flow profile and the cash position at year end is strong with all financial covenants comfortably met during the year. Gearing (net interest-bearing debt to net debt + equity) at year end was 31.1%, which is well within target gearing levels and positions us well for future investment and growth.

Following a comprehensive year-end review of the carrying value of assets of the Group in light of the impact of COVID-19 has had on the business, a non-cash impairment totalling $12.4 million was recognised. This relates to the write off of the balance for the Group's investment in UWAI, the impairment of some of the goodwill associated with Fraser Island and the write down of the carrying value of certain underutilised vessels across the fleet, primarily those relating to lunch and dining experiences.

The Company successfully applied for the Australian Government's JobKeeper payment. The JobKeeper payment applied to all eligible employees within Australia in the three-month period to June 2020 totalled $8.6 million. Payments of a similar nature received in international jurisdictions totalled $6.3m.

Management remain confident the Company has access to enough funding to meet any liquidity challenges that may arise in the 2020/21 financial year, including another severe COVID-19 related contraction in demand.

Rottnest Island, Western Australia

Review of operations – Australian Bus

The five and a half months of trading of the Australian Bus division has been exceptionally pleasing. The period began with the commencement of three new 10-year contracts in Perth on 19 January 2020. In March 2020, the retention of our Adelaide contracts were announced along with the successful bid for the tram network and an additional bus contract, taking market share in Adelaide to more than 80%. In April 2020, two significant contracts in Perth were extended for a further four year term. In total, approximately $3.8 billion of contracted revenue has been secured over the five and a half month period. Good cost control and additional contracted revenue coming online saw all businesses perform in line with expectations despite the impacts of COVID-19.

Like all other parts of the SeaLink business, the Australian Bus division required targeted COVID-19 management. This primarily centred around managing the operational risk management challenges associated with rapidly changing rules and regulations across the capital cities in which we operate.

However, unlike most other parts of the business, the operating environment generally improved for all of the Australian bus operations as a result of reduced congestion on the roads leading to lower accidents, improved on-time running performance, less overtime from delays and higher speeds of delivery. In addition, better fuel consumption due to lighter loads, lower levels of sick leave and absenteeism, no cash handling or costs of cash counting and lower security costs were all positives.

Offsetting these benefits, there were some negative revenue effects including lower advertising revenue from on-bus advertising, reduced patronage incentive payments with some operations down on patronage by up to 70% and lower charter, rail replacement and special event work. Although the business benefited from a sharp decline in fuel price during the period, the contracted fuel indexation mechanism ultimately flowed through to lower contract revenue for this component. Fortunately, the majority of contracted revenue is not linked to patronage so the lower levels of patronage did not present any material downward revenue pressure.

During the period, the Australian Bus division benefited from some good cost control in reaction to a concerted campaign following lower revenues for charter and other non-contracted work. Fortunately, some of the charter and rail work started to come back in May 2020 and schools resumed to some extent in most States.

The majority of additional and ancillary costs associated with dealing with the COVID-19 pandemic, like additional cleaning of buses, physical barriers to ensure driver safety and complying with social distancing requirements, were supported by the state governments.

In addition to managing COVID-19, a considerable amount of management time and effort was spent integrating the Australian Bus division into the SeaLink business. The integration work is substantially complete and the speed and progress that has been made positions the business well for FY2021.

In terms of state by state performance, some of the highlights include:

South Australia

During the period, Transit Systems successfully retained all three of its existing Adelaide contracts and secured and transitioned an additional bus contract in the northern suburbs of Adelaide. As part of this contract success, Transit Systems retained its North South contract, which included under the Torrens Connect banner, a light rail/tram element in conjunction with our Joint Venture partners John Holland Adelaide Trams and UGL Rail Services. The successful transition of these two new contracts resulted in 330 employees,118 vehicles, two new sites and 24 trams joining our operation. The Adelaide operation is now very well placed with all contracts renewed for a minimum of eight years, plus a further potential two-year extension period. In early July 2020, the South Australian State Government decided against introducing service changes later this year so the curtailment of some services and introduction of new headway management and demand responsive technology will not proceed. There were minimal changes to the South Australian bus business as a result of COVID-19. Some airport services were suspended along with the city free service and after midnight services. These changes did not have a material impact on our contracted revenue and additional COVID-19 related cleaning costs were and continue to be supported by the Government.

Western Australia

In the West, Transit Systems successfully retained its Marmion and Claremont contracts and added the new Joondalup contract that was transitioned from a competitor in January 2020. The addition of the new contract resulted in 272 employees, 172 vehicles and three new sites joining our operation. Furthermore, the business obtained a four-year extension to Canning and Southern River contracts, all together considerably lengthening the weighted average contract expiry profile in Perth. As a result of these contract renewals and new contact win, we have reached the Western Australian Government imposed legislative market share cap. All operational aspects of our Western Australian operations are performing well and with contract terms of between four and ten years the business is well positioned for the future.

Western Australia was the only state in Australia to reduce public transport services under the effects of COVID-19. From the period of 6 April 2020 to 29 April 2020, Transit Systems operated approximately 60% of its contracted services, however, the only contract revenue adjustment related to true variable cost savings that needed to be remitted back to Government.

New South Wales

The Sydney Region 3 contract performed well during the period and considerable cost improvements were realised in Region 6. Despite on road performance dramatically improving in Region 6, this contract is still falling short of its contracted KPI on-time running targets. This is resulting in ongoing monthly contract abatements that will continue to be managed out over the coming year with several new service changes planned. Unfortunately, COVID-19 has exacerbated delays in the major service change associated with the Sydney light rail. This service change has been ready to go for some time but Transport for New South Wales have continually delayed the implementation due to light rail delays and other external factors. Once this service change is implemented in the first half of FY2021, it is expected to deliver a significant improvement in contribution from this business.

The New South Wales business continues to lead the way in terms of leveraging new technologies to enhance the delivery of public transport. The electric bus trial in operation in Region 6 celebrated its first-year anniversary recently with operational performance and cost of delivery exceeding all expectations. This is paving the way for a further investment in electric buses over the coming year. Additionally, the demand responsive services in Sydney's inner west underwent a technology upgrade and a superior level of convenience and service delivery is positioning that service for further expansion also.

The Sydney operations were most affected by COVID-19 with the State Government imposing loading limits on buses. This had the effect of limiting patronage to maintain social distancing and thus the small patronage incentive payment was also suppressed. This was offset by the Government requesting additional peak services to help with loadings and facilitate commuters spreading out over more bus assets. These additional services are expected to continue into the first half of FY2021. Like the other states, COVID-19 additional cleaning costs are being supported by Government.

Victoria

The Sita Bus operations, acquired by Transit Systems in April 2019 provide services to the Victorian Department of Transport and local schools. The bus operations performed well during the period despite the decline in revenue experienced by the school and charter operations. The Department of Transport has confirmed that contract revenue will not be curtailed due to COVID-19 and even under Stage 4 restrictions in Melbourne, Sita continued to deliver a near full service. It is expected that schools, charter and rail replacement will be quickly reinstated post the Stage 4 restrictions lifting.

Further impacts of COVID-19 relate to lower on-bus advertising revenue and additional cleaning. Like other states, the State Government supported the costs of additional COVID-19 related cleaning.

Future Pipeline of Tender opportunities

The effects of COVID-19 on state governments is likely to flow into transport budgets. Our expectation is that lower levels of organic contract service growth may result in the near term but a much greater emphasis will be placed on government outsourcing, potentially opening up new opportunities in the medium to longer term.

In Australia there is a very strong pipeline of future bus tender opportunities with Sydney's Regions 7, 8 and 9 tender process is already underway, the entire Darwin network is likely to be released early in CY2021 and a large tender in Melbourne is expected late this calendar year. We continue to be outspoken about the benefits of competitive tendering in Queensland, Tasmania and the Australian Capital Territory, the last remaining markets that are to move to modern public bus service contracting in Australia.

Review of operations – International Bus

The period since the acquisition of the international businesses in January 2020 has been overshadowed by assisting our public sector clients in managing the industry response to COVID-19. The endeavours of our management have been well recognised by our clients, with forward planning and thought leadership highlighted as key achievements in both London and Singapore. Furthermore, our relationship with the relevant unions has been strong as we have developed working practices appropriate to the prevailing conditions.

The financial effects of COVID-19 on the international division during the period have been largely neutral. Whilst additional costs have been incurred through high levels of sick leave in London and accommodating our Malaysian workforce in hotels in Singapore, these costs have been offset through additional government/client support.

Fuel price and consumption has been much lower during the period, however the financial effect of this is neutral after taking into account fuel indexation and hedging across the International Bus division.

The tendering program has been unaffected in London and Singapore with all tenders proceeding on previously advertised timetables.

London

COVID-19 aside, the London market remains highly competitive, with margins being reduced as competitors seek higher market share, within a shrinking market as Transport for London (TfL) rationalises the London bus route network due to budgetary constraints. While the business has lost contracts for two routes, it has retained one and acquired another contract, and significantly both routes are to be operated with 37 fully electric double deck vehicles (due to be put into service in the first half of FY2021). This has required investment in charging infrastructure at the Westbourne Park depot and gives Tower Transit capacity for further electrification at this site in due course.

During COVID-19, services in London have been curtailed to align with the lock down periods. Tower Transit dropped back to approximately 70% of its regular services from March and is expected to be back to 100% by the end of August 2020. Over 100 vulnerable staff members were furloughed and sick leave has been running at abnormally high levels. TfL and the unions have been supportive throughout this time. Only variable cost savings have been remitted back to TfL during COVID-19 reduced services and additional costs of cleaning and sick leave have continued to be covered by TfL.

We continue to work with TfL on the delivery of their strategic objectives for cost minimisation and air quality improvement which is likely to result in further electric routes being awarded in the coming years.

Singapore

The business in Singapore has entered the last year of the initial term of the Bulim contract. Significant effort has been put into the development and submission of a competitive bid for both the existing Bulim operation and the Sembawang-Yishun contract packages which are being tendered in the same timeframe by the Land Transport Authority (LTA).

We are fully engaged with the LTA on their clean air projects, leveraging our experience with hydrogen powered vehicles in London, and have recently commenced a trial of 14 fully electric vehicles.

Future developments

SeaLink is seeking to continually develop the business both in scale and profitability terms, by the utilisation of current excess capacity, the creation of further capacity within London and also will evaluate appropriate synergistic transport activities both within the UK and internationally. London is expected to experience more extreme competitive pressure over the coming year. TfL is suffering from severe budgetary constraints and further cutbacks in the network are expected. All opportunities for maintaining or increasing scale in London will be explored. In Singapore, we are hopeful of an increased market share as tender results are realised and more contracts continue to come to market.

Review of operations – Marine and Tourism

The period under review for the Marine and Tourism division has been one characterised by two distinct halves. Trading conditions in the first six months were good and all businesses were showing improvements over the prior period with good momentum leading into the peak summer period. However, the last six months has been extremely challenging for SeaLink's tourism businesses, with visitation numbers heavily affected by the severe Australian bushfires, particularly on Kangaroo Island, followed by COVID-19.

The bushfires saw international visitation reduce into key destinations, with global media reporting that most of Australia was on fire. The January 2020 fires on Kangaroo Island devastated more than half of the island including SeaLink's own accommodation and dining facility at Vivonne Bay. Key attractions were either destroyed or closed and visitation ceased. COVID-19 followed, which saw the complete shutdown of all tourism products and experiences in the Group for a period of three months.

Our contracted ferry services in Gladstone and South East Queensland continued to perform well throughout the COVID-19 shutdown period and the 'essential service' nature of other contracted and uncontracted ferry services, to many of our destinations set the base level of business and provided a revenue stream that would not otherwise have been available. In Queensland, New South Wales and Tasmania, state governments have provided additional subsidies and assistance to ensure good levels of service to remote island destinations were maintained.

The overall impact on earnings since COVID-19 has been minimised, with business units negotiating rental waivers, berthing fees and charges relief and standing-down or reducing hours of the majority of employees. Most businesses have been eligible for the Government JobKeeper scheme which has assisted in funding wage costs and ensuring valuable team members continue to be employed by and engaged with our business. JobKeeper also has the effect of lowering the breakeven point for our products and assists with the re-start and ramp up of these businesses.

Following an extremely strong performance of the Captain Cook Cruises business in the first half, the Sydney business has been the hardest hit by COVID-19 impacts, with over 75% of revenue reliant on international and interstate visitors to the city. Like many of our businesses we have adjusted the product offering to attract the local market. However, with dining restrictions in place and limited local visitors to the Sydney CBD, it is unlikely this business will commence dining operations for a number of months yet. Our commuter services to Lane Cove and Watsons Bay have continued to operate throughout the pandemic.

Most other businesses were brought back into operation on a limited scale over the course of June, with services and product offerings in place to meet current demand and minimise operational costs. Like Sydney, products which are heavily reliant on international and interstate visitors will continue with limited operations until borders open.

Whilst we continue to work through these challenges, the Marine and Tourism division has had many successes over the past 12 months and continues to focus on business growth strategies for the future.

Our government contracted services provide security and strength to our business. During the period we were awarded extensions to existing contracts such as the Mandorah, Tiwi Islands and Groote Eylandt services in the Northern Territory, the Curtis Island services in Gladstone, the Queensland Ambulance Service contract in South East Queensland and the Lane Cove contracted service on Sydney Harbour. In addition, four vessels in Sydney are leased on a dry hire basis to Harbour City Ferries and this has been extended through to mid FY2021. The Kangaroo Island ferry service tender process also commenced with a market sounding process, and negotiations for the ongoing contract for Palm Island and Magnetic Island services in North Queensland are also well advanced. Finally, winning the 10+5-year Brisbane City Ferries contract which commences in November 2020 was a highlight.

The Group continues to invest for the future, with the building of additional vessels for improved service and new product offerings. A $7 million, 320 passenger fast ferry has recently been launched for the Palm Island service and the second newbuild catamaran vehicular ferry in Tasmania will be completed in March 2021, with her sister vessel now in operation on the Bruny Island service. A 31 passenger 'adventure' style vessel utilised for adventure/eco touring experiences for our guests on Fraser Island was built late 2019 and a 700 guest multi-purpose restaurant dining, bar and private charter venue 'superyacht' is currently under construction for delivery on Sydney Harbour mid-2021. This vessel will position us well to take advantage of the recovery in tourism.

The rebuilding of Kangaroo Island visitation is underway with the rejuvenation of the bushfire affected areas as a key attraction and we expect to see strong freight demand to the island continue for several years as a result. The loss of Vivonne Bay Lodge opens up redevelopment opportunities for SeaLink to create an accommodation/dining facility for the future.

FY2020 saw the repositioning of a Sydney based passenger ferry to Western Australia, allowing for the commencement of an additional service from Perth's CBD to popular Rottnest Island. Accompanied with a newly developed coach transfer service from CBD hotels, this innovation will grow our Western Australian tourism offerings as business starts to rebuild.

Rottnest Island, Western Australia

Future developments

The immediate focus for the Marine and Tourism division remains on navigating the business around COVID-19 restrictions and maximising all revenue opportunities whilst balancing associated operational costs. With domestic Australian travel being the key market for the next 12 months, SeaLink is well placed to capture good market share of this competitive market due to its unique island destinations. To position for this opportunity, the business has recently fast tracked the launch of our group-wide customer facing brand – Brilliant Travels. The development of a website for the promotion of all tourism products under one brand will open national marketing and cross selling opportunities for all of our island destinations and tourism. The development of tailored products will target new markets who would normally have travelled overseas and all marketing activities around the Group will be focused on driving local business.

Outlook

The future outlook for SeaLink is positive with our solid base of diversified businesses across Australia in the public bus, light rail and marine transport, tourism and accommodation sectors. With over 87% of our revenue fully contracted, we expect our balance sheet strength and performance to be strong moving forward.

Overall, FY21 has started in line with expectations.

The coming year contains a significant number of organic contract tendering opportunities with work already well underway on proposals for multiple bus contracts in Sydney. In addition, we expect that a large bus tender contract in Melbourne will be taken to market in the second or third quarter of FY21.

The Marine and Tourism division is already well on the way to re-building its revenue base from domestic travel, however ongoing border closures, both domestically and internationally, will limit the ability to fully return to pre COVID-19 levels. In particular, we foresee an ongoing depressed market for Sydney Harbour Cruises, touring on Kangaroo Island and Captain Cook Cruises on the Swan River in Perth.

The International division will be cautiously managed as further budgetary constraints in the London public transport market are expected and the current Singapore contract expiring at the end of May 2021. Acquisition activity is a possibility in the International division as new markets are constantly being evaluated.

Further service improvements in the Sydney bus network will improve the contribution of the New South Wales bus operations. The Group will also be taking the opportunity to utilise the favourable commercial negotiating environment and scale to strike better terms for key inputs and drive margin expansion across its existing portfolio.

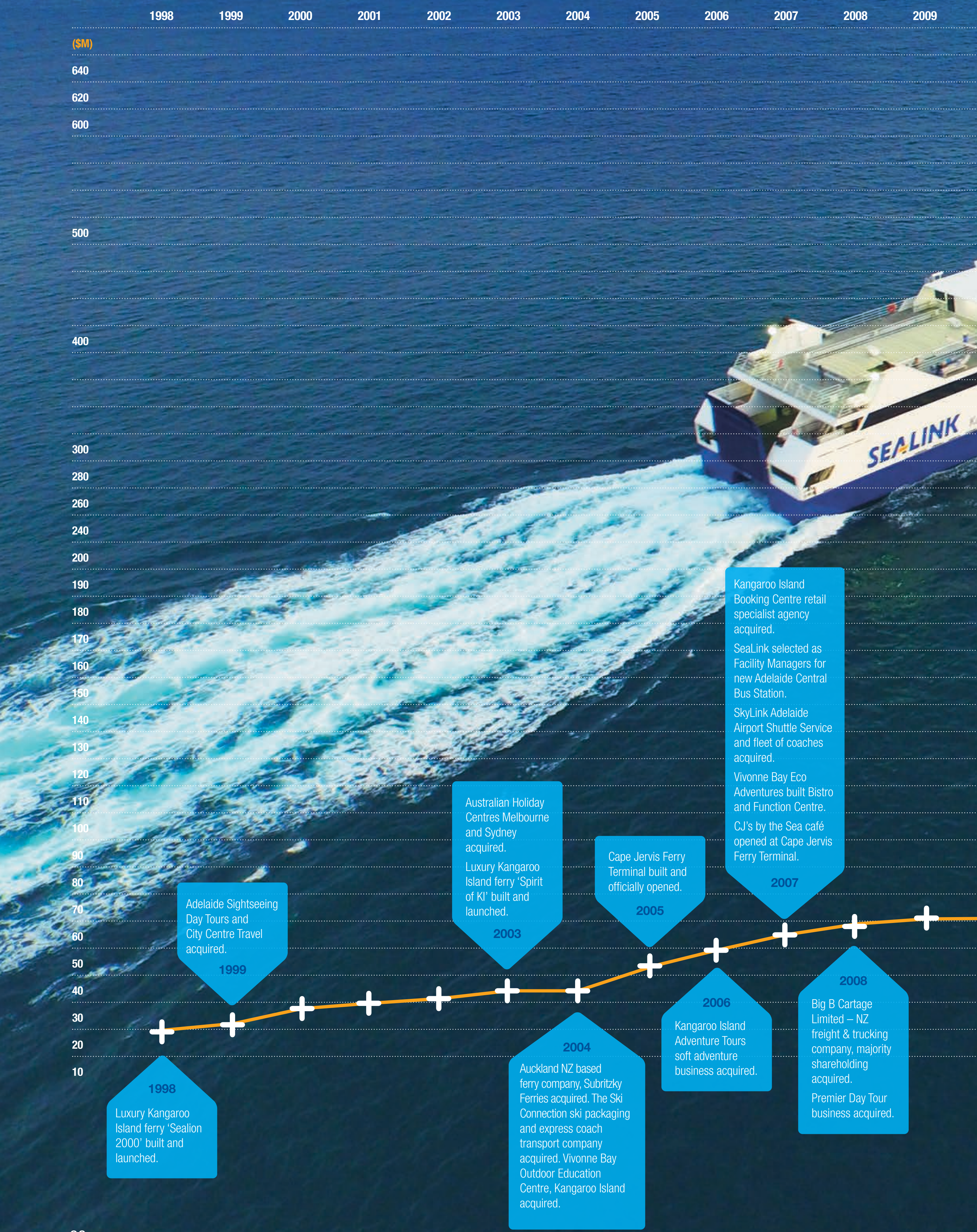
In summary, SeaLink's overall plan for sustainable growth involves:

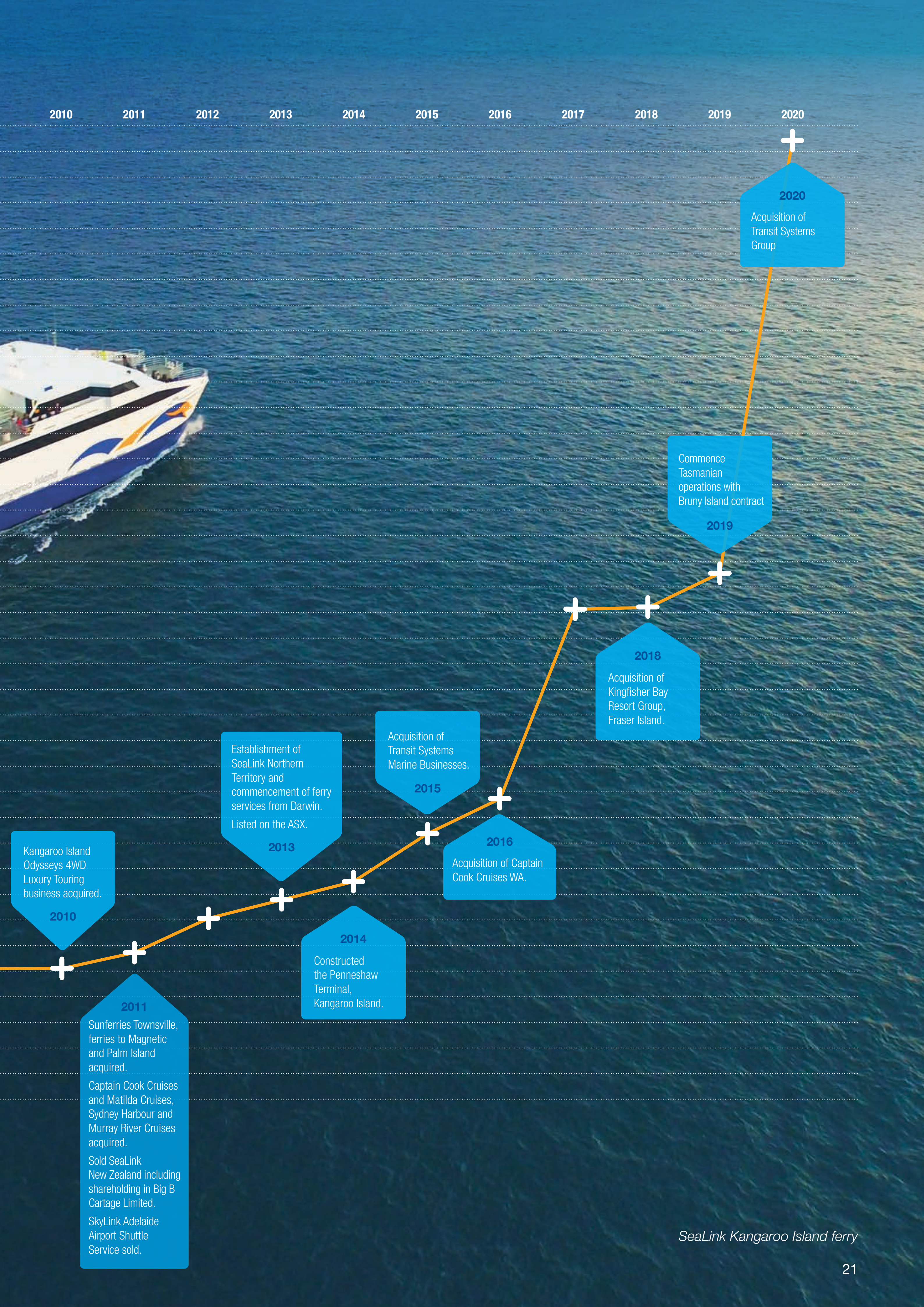
- Continuing to build a diverse geographic portfolio of contracted essential services
- Developing further revenue and cost saving opportunities and efficiencies from recent acquisitions
- Preparing for the anticipated resurgence of domestic tourism once border restrictions are lifted
- Continuing to improve sales, yields and margins on transport and tourism products
- Continue to add and grow additional services within existing locations and routes
- Utilising existing sales and marketing skills to promote and cross-sell existing and new products and services
- Utilising in-house technical skills to improve booking processes and websites to drive increased sales and productivity
- Working with Governments to develop new routes, improve frequency and drive efficiency within the public transport networks
- Continuing to seek new business acquisition opportunities that will enhance, leverage and complement our current capabilities and growth strategies.

The Directors would like to thank our employees, customers, suppliers and shareholders for their ongoing support and commitment over the past year. The hard-working talented people at SeaLink are central to our ongoing future growth and success.

Tower Transit, London

REVENUE HISTORY





2010
Kangaroo Island Odysseys 4WD Luxury Touring business acquired.

2011
Sunferries Townsville, ferries to Magnetic and Palm Island acquired.
Captain Cook Cruises and Matilda Cruises, Sydney Harbour and Murray River Cruises acquired.
Sold SeaLink New Zealand including shareholding in Big B Cartage Limited.
SkyLink Adelaide Airport Shuttle Service sold.

2012

2013
Establishment of SeaLink Northern Territory and commencement of ferry services from Darwin.
Listed on the ASX.

2014
Constructed the Penneshaw Terminal, Kangaroo Island.

2015
Acquisition of Transit Systems Marine Businesses.

2016
Acquisition of Captain Cook Cruises WA.

2017

2018
Acquisition of Kingfisher Bay Resort Group, Fraser Island.

2019
Commence Tasmanian operations with Bruny Island contract

2020
Acquisition of Transit Systems Group

SeaLink Kangaroo Island ferry

RESULTS IN BRIEF[1]

Normalised Results[2]	JUNE 2020 $M	JUNE 2019 $M	CHANGE %
Revenue from Ordinary Activities	623.7	248.8	150.7
EBITDA[3] (excl significant items)	**71.7**	**47.9**	**49.6**
Significant items			
Impairment of Investment (UWAI)	–	–	n/a
Acquisition related costs[4]	–	–	n/a
Asset impairment[5]	–	–	n/a
Depreciation	(20.9)	(14.5)	44.2
EBITA	**50.7**	**33.4**	**51.9**
Interest – net	(7.3)	(4.6)	58.7
Amortisation of Customer Contracts	(20.9)	(1.9)	998.2
Net Profit Before Tax	**22.6**	**26.9**	**(16.1)**
Tax	(6.2)	(3.5)	77.3
Profit After Tax and before Amortisation	**37.2**	**25.3**	**47.2**
Profit After Tax	**16.4**	**23.4**	**(30.0)**

1 Adjusted to reflect a pre-AASB 16 result (AASB 16 Depreciation and interest adjusted back to EBITDA)
2 Normalised Results have been adjusted for significant items for the period ending 30 June 2020 on a pre-AASB 16 basis. Normalised items are non-IFRS measures and have not been audited.
3 EBITDA – Earnings Before Interest, Tax, Depreciation & Amortisation
4 Costs associated with the acquisition of Transit Systems Group including stamp duty, legal, accounting, tax and other professional costs
5 Impairment of the Book Value of certain vessels and Fraser Island Goodwill due to significant economic impacts in FY20; Costs associated with the unsuccessful tender bid for Sydney Ferries in FY19

DIVIDEND INFORMATION

	AMOUNT PER SHARE (CENTS)	FRANKED AMOUNT PER SHARE (CENTS)	TAX RATE FOR FRANKING CREDIT
30 June 2019			
Interim Dividend	6.5	6.5	30%
Final Dividend	8.5	8.5	30%
30 June 2020			
Interim Dividend	6.5	6.5	30%
Final Dividend	4.5	4.5	30%

FINAL DIVIDEND DATES

Ex-dividend date	4 September 2020
Record date	7 September 2020
Payment date	2 October 2020

NET TANGIBLE ASSETS

	JUNE 2020	JUNE 2019
Net tangible assets per ordinary share	$0.05	$1.06

The report is based on the consolidated financial statements which have been audited by Ernst & Young.

Additional Appendix 4E disclosure requirements can be found in the Directors' Report and the consolidated financial statements.

The Board of Directors of SeaLink Travel Group Limited ("SeaLink" or "the Company') has pleasure in submitting its report for the year ended 30 June 2020.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are set out below. Directors have been in office for the entire period unless otherwise stated.

JEFFREY R. ELLISON

B. ACC, FCA, FAICD
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER (RETIRED 16 JAN 2020) NON-EXECUTIVE DIRECTOR (BECAME NON-EXECUTIVE DIRECTOR 17 FEB 2020) DEPUTY CHAIR (APPOINTED 26 FEB 2020)
CHAIR (APPOINTED 1 JULY 2020)

Mr Ellison holds a Bachelor of Arts Degree in Accounting from the University of South Australia, is a Fellow of the Chartered Accountants Australia and New Zealand and the Australian Institute of Company Directors. He has held the position of Chief Executive Officer since 1997 and was appointed Managing Director in 2008. Mr Ellison retired as Managing Director and CEO on 16 January 2020 and following a month of transition as an Executive Director, became a non-executive director from 17 February 2020. He was subsequently appointed Deputy Chair with effect from 26 February 2020 and Chair on 1 July 2020.

Mr Ellison is a member on Tourism Australia Board. Mr Ellison is a former Board member of the South Australian Tourism Commission, Tourism and Transport Forum Australia, the Adelaide Convention Centre and the South Australian Botanic Gardens and State Herbarium Board.

Mr Ellison was a member of the Company's Remuneration and Nomination Committee for the period March to June 2020.

CHRISTOPHER D. SMERDON

MAICD
NON-EXECUTIVE DIRECTOR

Mr Smerdon has extensive experience in the Information Technology and Cyber Security field having established and built companies with national and international operations. He is currently Managing Director of Vectra Corporation, a company that provides specialist Cyber Security services to organisations globally handling sensitive data, financial information and large volumes of credit card transactions. Clients include banks, telcos, payment gateways, airlines and utilities.

Mr Smerdon joined the Board in 2002 and is a member of the Company's Audit and Risk Committee. Mr Smerdon has previously held directorships on both government and public company boards. Mr Smerdon is a Member of the Australian Institute of Company Directors.

ANDREA J.P. STAINES OAM

MBA, B.EC, FAICD
NON-EXECUTIVE DIRECTOR

Ms Staines has extensive experience in the transport sector and is a former CEO of Qantas subsidiary, Australian Airlines (mk II), which she co-launched. Ms Staines currently sits on the Board of Australia Post, UnitingCare, Acumentis and Freightways (NZ).

Ms Staines has been a professional non-executive director for over a decade, and has held previous directorships with a range of entities in the transport, tourism and care sectors, including Tourism Australia, Aurizon, Australian Rail Track Corporation, Gladstone Ports Corporation, North Queensland Airports and NDIA.

Ms Staines joined the Board in 2016 and is Chair of the Company's Remuneration and Nomination Committee which from July 2020 is now called the People, Culture and Remuneration Committee. Ms Staines was a member of the Company's Audit and Risk Committee until 23 July 2020.

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 and owner 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 its sale to SeaLink in March 2011 when Mr Dodd joined the Board of SeaLink.

Mr Dodd is a member of the Company's Remuneration and Nomination Committee (now called the People, Culture and Remuneration Committee).

The Swan River, Perth, Western Australia

NEIL E. SMITH

MTM, B.ARTS, FCILT
NON-EXECUTIVE DIRECTOR
(APPOINTED 16 JANUARY 2020)

Neil was one of the founding shareholders and the former Chairman of the Transit Systems Group prior to the acquisition by SeaLink. He has over 30 years of commuter transport operations experience.

Neil commenced his career within the Sydney bus industry, before acquiring a number of bus operations in rural NSW and then Queensland. In 1995, Neil joined with Graham Leishman and Lance Francis to found Transit Systems and in 2013, was a founding shareholder of Tower Transit.

Neil holds a Bachelor of Arts Degree and a Masters of Transport Management from the University of Sydney and is a Fellow of the Chartered Institute of Transport and Logistics.

LANCE E. HOCKRIDGE

FCILT, FIML, MAICD
NON-EXECUTIVE DIRECTOR
(APPOINTED 1 JULY 2020)

Mr Hockridge has extensive international experience in the transportation, manufacturing and logistics sectors with a focus on safety, operational and financial transformation of businesses.

Mr Hockridge was previously the Managing Director and CEO of Aurizon Holdings Limited (2010 to 2016) following the demerger of Queensland Rail and QR National from a government owned railway to an ASX50 company. Other notable accomplishments as an executive include the oversight of BHP's global transport business, together with key roles in financial and operational reform in the heavy industrial sector and leading a major turnaround for BlueScope Steel's North American operations.

Mr Hockridge is also currently Chair of the Salvation Army Queensland Advisory Council, and an active advocate for diversity in the workforce.

Mr Hockridge became a member of the Audit and Risk Committee and People, Culture and Remuneration Committee in July 2020.

FIONA A. HELE

B.COM, FCA, FAICD
NON-EXECUTIVE DIRECTOR

Ms Hele is a Non-Executive Director and an experienced Audit & Risk Chair with a strong commercial and finance background. Ms Hele is a Chartered Accountant with over 25 years' experience in both the private and public sectors specialising in strategic business advisory, mergers and acquisition, risk management and corporate governance.

Ms Hele is a Fellow of the Institute of Chartered Accountants, Australia and New Zealand, and a Fellow of the Australian Institute of Company Directors.

Ms Hele is also a director of Adelaide Venue Management Corporation, Celsus Securitisation Pty Ltd and the South Australian Water Corporation. Past Directorships include the South Australian Tourism Commission and the Adelaide Fringe Festival.

Ms Hele joined the Board in 2016 and is Chair of the Company's Audit and Risk Committee.

ANDREW J. McEVOY

MA INT. COMMS, B. ARTS
CHAIR (RETIRED 30 JUNE 2020)

Mr McEvoy was appointed a Director on 1 February 2015 and was appointed Chair on 1 July 2015. Mr McEvoy holds a Bachelor of Arts Degree from the University of Melbourne and a Masters in Communications from City University in London.

Mr McEvoy has extensive experience in the tourism sector and is a previous Managing Director and CEO of both Tourism Australia and the South Australian Tourism Commission. Most recently he was Managing Director, Life Media & Events at Fairfax Media, where he managed the new business portfolio, including events and the key lifestyle titles. Mr McEvoy is Chair of advocacy group Tourism and Transport Forum (TTF) and a Director of the Lux Group Ltd, Ingenia Communities Ltd and Voyages Indigenous Tourism Australia.

Mr McEvoy was a member of the Company's Remuneration and Nomination Committee.

ANDREW D. MUIR

B.EC, MBA
JOINT COMPANY SECRETARY

Mr Muir (Chief Financial Officer) was appointed Company Secretary on 1 June 2018. Mr Muir has also held a number of similar financial positions with other ASX listed and private companies. Mr Muir holds a Bachelor of Economics and a Master of Business Administration from the University of Adelaide.

JOANNE H. McDONALD

LLB, B.EC, GAICD
JOINT COMPANY SECRETARY

Ms McDonald was appointed Company Secretary on 21 August 2018. Ms McDonald has over 25 years' experience in commercial and corporate law including company secretary for ElectraNet Pty Ltd and holding senior legal and commercial positions with other listed and statutory corporations. She holds a Bachelor of Laws (Hons) and Bachelor of Economics from the University of Adelaide as well as a graduate of the Australian Institute of Company Directors.

Swan Transit, Perth, Western Australia

INTEREST IN THE SHARES OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the Directors in the shares of the Company were:

	NUMBER OF ORDINARY SHARES
N Smith	33,444,556
C Smerdon	6,486,875
T Dodd	5,786,578
J Ellison	5,749,769
F Hele	28,172
L Hockridge	25,000
A Staines	-

SHARES UNDER OPTION

Unissued shares / performance rights
At 30 June 2020, there were 299,130 (2019: 100,000) options/ performance rights outstanding to acquire ordinary shares in the Company. No options to acquire shares or interests in the Company or a controlled entity were granted since the end of the financial year.

Shares issued as a result of the exercise of options
During the year, 100,000 options were exercised by Director and Chair, Mr Andrew McEvoy. No options were exercised by employees.

DIRECTORS' MEETINGS

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	NUMBER OF BOARD MEETINGS ATTENDED	NUMBER OF AUDIT AND RISK COMMITTEE MEETINGS ATTENDED	NUMBER OF REMUNERATION AND NOMINATIONS COMMITTEE MEETINGS ATTENDED
Number of meetings held:	19	6	6
A McEvoy (Chair)	19	–	6
C Smerdon	19	6	–
J Ellison*	19	–	1
T Dodd	19	–	6
A Staines	19	6	6
F Hele	19	6	–
N Smith	8	–	–

* As CEO and Managing Director Mr Ellison attended the Board Committee meetings by invitation only up to January 2020 and as a NED after February 2020 was a member of the Remuneration and Nomination Committee for a period in which one Committee meeting occurred.

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee. To the extent that directors who are not members of the relevant Committee attend Committee meetings as guests from time to time their attendance is not recorded in the table above.

COMMITTEE MEMBERSHIP

During the reporting period the Company had an Audit and Risk Committee and a Remuneration and Nomination Committee. Members acting on the committees of the Board during the year:

Audit and Risk	*Remuneration and Nomination*
F Hele (Committee Chair)	A Staines (Committee Chair)
A Staines	A McEvoy
C Smerdon	T Dodd
	J Ellison*

*Appointed 26 February 2020 to 30 June 2020

From July 2020 membership and names of Committees are as follows:

Audit and Risk	*People, Culture and Remuneration*
F Hele (Committee Chair)	A Staines (Committee Chair)
L Hockridge	T Dodd
C Smerdon	L Hockridge

PRINCIPAL ACTIVITIES

During the financial year the principal continuing activities of the consolidated entity consisted of:

- domestic public bus transport operations
- international public bus transport operations
- domestic ferry services
- tourism cruises, charter cruises and accommodated cruising
- coach tours
- travel agency services and packaged holidays.

ENVIRONMENTAL REGULATION

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

DIVIDENDS

Dividends paid during the financial year were as follows:	CONSOLIDATED	
	2020 ($'000)	2019 ($'000)
Interim fully franked dividend for the year ended 30 June 2020 paid 31 March 2020 of 6.5 cents (2019: 6.5 cents) per ordinary share	9,459	6,593
Final fully franked dividend for the year ended 30 June 2019 paid 17 September 2019 of 8.5 cents (2018: 8.0 cents) per ordinary share	8,621	8,092
	18,080	**14,685**

SeaLink's Directors on 31 August 2020 declared a 4.5 cents per share fully franked final dividend payable on 2 October 2020 to shareholders registered on 7 September 2020. This represents a 51.0% return of underlying net profit after tax and before amortisation to shareholders, which is in line with the Company's policy of returning 50% – 70% of underlying net profit after tax and before amortisation, subject to business needs and ability to pay. The interim dividend for the half-year ended 31 December 2019 was 6.5 cents per share.

The Board will continue to consider SeaLink's growth requirements, its current cash position, market conditions and the need to maintain a healthy balance sheet, when determining future dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, the consolidated entity acquired the business and operations of the Transit Systems Group on 16 January 2020. This has changed the nature of SeaLink's principal business operations away from one focused on marine and tourism to a predominantly government contracted public bus transport business with operations throughout Australia and in Singapore and London.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

A fully franked dividend of 4.5 cents per share was declared by SeaLink's Directors on 31 August 2020, representing a total payment of $9,827,957 to be paid 2 October 2020 based on the current number of ordinary shares.

Apart from the above, there are no significant events after the end of the reporting period which have come to our attention.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

NON-AUDIT SERVICES

There were no non-audit services provided during the financial year by the auditor (2019:Nil).

INDEMNITY AND INSURANCE OF OFFICERS

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the Directors and Executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability 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 Company. 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 2020 under the Deeds of Indemnity.

INDEMNITY AND INSURANCE OF AUDITOR

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES

Cape Jervis, South Australia

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2020	NOTE	CONSOLIDATED 2020 $'000	2019 $'000
Revenue from contracts with customers	4	623,692	248,774
Other income	5	22,382	2,576
Interest income		438	38
Total revenue and other income		**646,512**	**251,388**
EXPENSES			
DIRECT OPERATING EXPENSES			
Direct wages		(318,875)	(76,399)
Repairs and maintenance		(37,095)	(14,336)
Fuel		(44,165)	(13,294)
Commission		(9,068)	(12,397)
Meals and beverage		(10,982)	(14,530)
Tour costs		(7,132)	(12,348)
Depreciation		(20,915)	(14,431)
Depreciation – ROUA		(18,654)	–
Other direct expenses		(25,134)	(12,237)
ADMINISTRATION EXPENSES			
Indirect wages		(58,878)	(26,477)
General and administration		(37,497)	(17,078)
Marketing		(4,868)	(4,992)
Financing charges		(9,768)	(3,974)
Amortisation of customer contracts and permits		(20,865)	(1,944)
Impairment on investment		(1,637)	(1,637)
Business acquisition expenses		(17,510)	(364)
Impairment of assets		(10,797)	–
Total expenses		(653,840)	(226,438)
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		(7,328)	24,950
Income tax expense	6	(6,244)	(3,407)
Profit/(loss) after income tax expense for the year attributable to the owners of SeaLink Travel Group Limited	**27**	**(13,572)**	**21,543**
EARNINGS PER SHARE		CENTS	CENTS
Basic earnings per share	40	(8.2)	21.2
Diluted earnings per share	40	(8.2)	21.2

STATEMENT OF OTHER COMPREHENSIVE INCOME (OCI)

FOR THE YEAR ENDED 30 JUNE 2020	NOTE	CONSOLIDATED 2020 $'000	2019 $'000
PROFIT/(LOSS) AFTER INCOME TAX EXPENSE FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF SEALINK TRAVEL GROUP LIMITED	27	(13,572)	21,543
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified subsequently to profit or loss			
Net change in the fair value of cash flow hedges taken to equity, net of tax		(1,746)	(1,812)
Foreign currency translation		(966)	–
Other comprehensive income/(loss) for the year, net of tax		(2,712)	(1,812)
Total comprehensive profit/(loss) for the year attributable to the owners of SeaLink Travel Group Limited		**(16,284)**	**19,731**

THE ABOVE STATEMENT OF PROFIT OR LOSS AND STATEMENT OF OTHER COMPREHENSIVE INCOME SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020	NOTE	CONSOLIDATED 2020 $'000	2019 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	119,903	11,904
Trade and other receivables	8	82,463	12,355
Inventories	9	13,881	4,921
Income tax refund due		–	5,684
Other assets	11	12,575	4,263
Total Current Assets		228,822	39,127
NON-CURRENT ASSETS			
Property, plant and equipment	12	374,051	201,396
Right-of-use assets	10	138,505	–
Intangibles	13	605,283	53,383
Deferred tax	14	43,161	5,936
Other assets	11	–	1,637
Total Non-Current Assets		1,161,000	262,352
Total Assets		**1,389,822**	**301,479**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	80,409	7,885
Contract liabilities	16	7,408	7,087
Lease liabilities	18	29,974	822
Other financial liabilities	19	1,906	943
Income tax	20	15,833	–
Employee benefits	21	70,509	11,027
Provisions	22	36,173	275
Other liabilities	23	63,938	6,015
Total Current Liabilities		306,150	34,054
NON-CURRENT LIABILITIES			
Borrowings	17	310,201	92,500
Lease liabilities	18	74,409	2,457
Other financial liabilities	19	4,364	2,832
Deferred tax	24	58,887	9,132
Employee benefits	21	12,190	1,813
Other liabilities	23	23,329	776
Total Non-Current Liabilities		483,380	109,510
Total Liabilities		**789,530**	**143,564**
Net Assets		**600,292**	**157,915**
EQUITY			
Issued capital	25	572,377	96,057
Reserves	26	(3,991)	(1,700)
Retained profits	27	31,906	63,558
Total Equity		**600,292**	**157,915**

 THE ABOVE STATEMENT OF FINANCIAL POSITION SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

STATEMENT OF CHANGES IN EQUITY — CONSOLIDATED

	ISSUED CAPITAL $'000	RESERVES $'000	RETAINED PROFITS $'000	NON-CONTROLLING INTEREST $'000	TOTAL EQUITY $'000
BALANCE AT 1 JULY 2018	95,557	(36)	56,700	–	152,221
Profit after income tax expense for the year	–	–	21,543	–	21,543
Other comprehensive income/(loss) for the year, net of tax	–	(1,812)	–	–	(1,812)
Total comprehensive profit/(loss) for the year	–	(1,812)	21,543	–	19,731
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 25)	500	–	–	–	500
Share-based payments (note 41)	–	148	–	–	148
Dividends paid (note 28)	–	–	(14,685)	–	(14,685)
Balance at 30 June 2019	**96,057**	**(1,700)**	**63,558**	**–**	**157,915**

	ISSUED CAPITAL $'000	RESERVES $'000	RETAINED PROFITS $'000	NON-CONTROLLING INTEREST $'000	TOTAL EQUITY $'000
BALANCE AT 1 JULY 2019	96,057	(1,700)	63,558	–	157,915
Loss after income tax expense for the year	–	–	(13,572)	–	(13,572)
Other comprehensive income/(loss) for the year, net of tax	–	(2,712)	–	–	(2,712)
Total comprehensive profit/(loss) for the year	–	(2,712)	(13,572)	–	(16,284)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 25)	476,320	–	–	–	476,320
Share-based payments (note 41)	–	421	–	–	421
Dividends paid (note 28)	–	–	(18,080)	–	(18,080)
Balance at 30 June 2020	**572,377**	**(3,991)**	**31,906**	**–**	**600,292**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020	NOTE	CONSOLIDATED 2020 $'000	2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		650,640	249,790
Payments to suppliers and employees (inclusive of GST)		(579,896)	(202,879)
		70,744	46,911
Interest received		438	38
Other revenue		20,978	1,817
Interest and other finance costs paid		(9,768)	(4,582)
Income taxes refunded/(paid)		7,667	(3,539)
Net cash from operating activities	39	90,059	40,645
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of business, net of cash acquired	35	(119,810)	–
Payments for property, plant and equipment	12	(29,458)	(17,645)
Proceeds from disposal of property, plant and equipment		2,958	12,605
Net cash used in investing activities		(146,310)	(5,040)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	25	154,000	500
Repayment of debt from share capital raising		(92,500)	–
Proceeds of refinancing		266,000	–
Repayment acquired debt		(100,300)	–
Payments for leases		(37,818)	–
Share issue transaction costs		(7,052)	–
Dividends paid	28	(18,080)	(14,685)
Repayment of borrowings		–	(12,758)
Net cash from/(used in) financing activities		164,250	(26,943)
Net increase in cash and cash equivalents		107,999	8,662
Cash and cash equivalents at the beginning of the financial year		11,904	3,242
Cash and cash equivalents at the end of the financial year	**7**	**119,903**	**11,904**

 THE ABOVE STATEMENT OF CASH FLOWS SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

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NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period and relevant.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity other than described below.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and Interpretation 4 'determining whether an arrangement contains a lease' for lessees and eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position at commencement date of the lease when the asset is available for use. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities using the method where lease assets equal lease liabilities at the start of the lease. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach where the right of use asset is equal to the lease liability and as such the comparatives have not been restated. The impact of adoption was as follows:

IMPACT ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION 1 JULY 2019	$'000
Right of use asset	16,889
Lease liability	(17,931)
Deferred tax expense	(13)

RECONCILIATION ONTO CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE	
Operating lease commitments at 30 June 2019	16,085
Impact of discounting at the incremental borrowings rate	(1,359)
Lease assets that are not recognised as lease liabilities under AASB 16 (low value and short term)	(74)
Additional lease liabilities recognised on adoption of AASB 16 at 1 July 2019	–
Carrying value of existing finance leases at 30 June 2019	3,279
Balance of lease liabilities at 1 July 2019	17,931

Below the movement tables include leases that had previously been treated as finance lease assets and leases.

ROUA MOVEMENT YEAR ENDED 30 JUNE 2020	$'000
Transition adjustment	16,889
New leases acquired during the year	1,753
Depreciation	(18,654)
Business combinations	141,827
Exchange differences	(3,310)
Closing balance	138,505

LEASE LIABILITIES MOVEMENT FOR THE YEAR ENDED 30 JUNE 2020	$'000
Transition adjustment	17,931
Lease related interest	3,425
Lease payments	(37,818)
COVID-19 rental relief	(431)
Leases acquired by parent entity	510
Leases from business combinations	123,651
Exchange differences	(2,885)
Closing balance	104,383

When measuring the lease liabilities for leases that were previously classified as operating leases, the Group discounted lease payments using its estimate for an incremental borrowing rate. At 1 July 2019 the weighted average rate applied was 3.3%.

The Group elected to apply the following transitional provisions:

- Exemption for lease arrangements with a short term less than 12 months from the date of initial application
- Exemption for lease arrangements where the value of the underlying leased asset is deemed to be low-value
- Reliance on the assessment of whether a contract was a lease based on the Interpretation 4 assessment; and
- Used a single discount rate for a portfolio of similar leases.

BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Funding and liquidity

The financial statements are prepared on a going concern basis. As at 30 June 2020, the Consolidated Statement of Financial Position reflected an excess of current liabilities over current assets of $77.3m. The amount of the deficit is fully covered by the Company's undrawn banking facilities of $115.4m as at 30 June 2020. In addition there are amounts included in current liabilities which are not expected to be paid in the next 12 months, despite the accounting treatment requiring them to be disclosed as current liabilities including leave liabilities which historically have not all been paid out within 12 months. In addition, there is no indication the future operating cashflows of the business will be materially different to those achieved historically.

PARENT ENTITY INFORMATION

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only.

Supplementary information about the parent entity is disclosed in note 34.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SeaLink Travel Group Limited ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. SeaLink Travel Group Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

OPERATING SEGMENTS

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Australian dollars, which is SeaLink Travel Group Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

REVENUE RECOGNITION

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue from transport of passengers, freight and accommodation is recognised at the time of delivery of the service to the customer, which is the time where the control is transferred and when each separate performance obligation in the customer contract is fulfilled given the short time services are provided (less than a day). This typically occurs on a departure date or booking date basis whereby customers or groups who have paid for services have actually departed on those travel or accommodation services. The revenue is recognised in the month of the said departure date.

Some of the ferry and freight transports have a series of performance obligations, but as the duration of these transports are short term the impact from splitting these contract into "distinct services" does not have material impact.

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

Revenue is recognised at the amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer, excluding GST and after deduction of trade discounts. Trade Receivables typically do not contain a significant financing component. The general credit terms are overall short and are following market terms.

Accounting estimates and judgements are made in order to determine time of delivery and account for income accruals when it is deferred. These accounting estimates and judgements are based on experience and continuous follow-up on service delivered.

Delivery of services

Revenue from bus contracts to provide services is recognised over time as the services are delivered based on agreed contractual rates for delivery of the defined services. If services are increased or decreased, a pre-determined contractual adjustment on a per kilometre basis is made against the contractual rates.

Contract revenue includes the revenue from pre-operational phase, initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

Given the impact from business combinations during the period, we have amended comparatives where reasonable to align to the current year classification and disclosure to be consistent with the whole group application of accounting policies. We note $35 million of revenue previously disclosed as "point in time" has been more appropriately disclosed as services delivered "over time", to be consistent with the updated group policies. The contracts being reclassified from "point in time" to "over time" have a very short duration (i.e. days, hours) and therefore, there is no difference in the timing of recognition of revenue from the change in classification.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Government grants

Revenue for government grants is recognised when you have reasonable assurance that the obligations under the government grant will be satisfied. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Jobkeeper and similar payments from governments received in the United Kingdom and Singapore have been accounted for using the net offset method and have therefore been offset against the costs they are intended to support.

INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or 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 nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

SeaLink Travel Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities 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.

TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has established a provision matrix that is based on it's historical loss experience, adjusted for forward looking factors specific for the debtors and the economic environment. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

CUSTOMER ACQUISITION COSTS

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

INVENTORIES

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges

Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If cashflow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cashflows are still expected to occur and released to profit or loss when the forecast transaction occurs. Otherwise the amount will be immediately reclassified to profit or loss as a reclassification adjustment.

PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Land and buildings	14–60 years
Leasehold improvements	4–22 years
Plant and equipment	3–30 years
Vessels	5–25 years
Motor vehicles	3–20 years
Leased motor vehicles	3–5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

RIGHT-OF-USE ASSETS (ROUA)

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

INTANGIBLE ASSETS

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their estimated finite life of 1 to 10 years.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets including right of use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

CONTRACT LIABILITIES

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

BORROWINGS

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset may fully written down after taking into account remaining lease term and any options to extend or terminate the agreement.

FINANCE COSTS

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

PROVISIONS

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

EMPLOYEE BENEFITS

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

ISSUED CAPITAL

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.

DIVIDENDS

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of SeaLink Travel Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

GOODS AND SERVICES TAX ('GST') AND OTHER SIMILAR TAXES

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

ROUNDING OF AMOUNTS

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 2 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES & ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

CORONAVIRUS (COVID-19) PANDEMIC

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had a significant impact on global economies and equity, debt and commodity markets.

The Company is continuing to assess the impact of the COVID-19 outbreak on demand for SeaLink's products and services, customers and supply chain. The Governments restrictions on domestic and international borders, travel generally and on gatherings and social distancing measures have impacted SeaLink's sales in FY20 and have the potential to impact them further in FY21, however, at present and given the uncertainty that exists, the financial impact cannot be reasonably estimated.

The Company has considered the impact of COVID-19 and other market volatility in preparing its financial statements.

While COVID-19 did not result in the identification of any further areas of judgement and critical accounting estimates in addition to those specifically disclosed below it did result in the application of additional judgement. Given the dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Company's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

As a consequence of COVID-19 and in preparing these financial statements, management:

- reviewed external market communications to identify other COVID-19 related impacts
- reviewed internal processes to ensure consistency in the application of the expected impact of COVID-19 across all asset classes
- assessed the carrying values of its assets and liabilities and determined the impact thereon as a result of market inputs and variables impacted by COVID-19
- considered the impact of COVID-19 on the Company's financial statement disclosures
- considered SeaLink's Marine and Tourism operating segment's eligibility for Jobkeeper and implemented accordingly, separate from the remaining public transport bus segments which were not considered eligible.

Property, Plant & Equipment

The Company has assessed the carrying value of its tangible assets at the reporting date for indicators of impairment and, where applicable, reviewed the measurement of the carrying value of such tangible assets. Such assessment incorporated a consideration of COVID-19 and an impairment of the carrying value of vessels was brought to account in the period to reflect this. (refer Note 12)

Impairment of financial assets specifically trade receivables

The Company has reviewed the expected credit losses for its trade receivables balances. AASB 9 requires forward-looking information (including macroeconomic information) to be considered both when assessing whether there has been a significant increase in credit risk and when measuring expected credit losses. There were no adjustments required to the carrying values of trade receivables from the impact of COVID-19 as at 30 June 2020.

Valuation of inventory

The Company has performed an assessment of inventory on hand at balance date to assess whether inventories are valued at the lower of cost and net realisable value. There were no adjustments required to the carrying values of inventories from the impact of COVID-19 as at 30 June 2020. Cost is calculated using the weighted average cost method.

Impairment of non-financial assets

Intangible assets comprise of goodwill and other intangible assets with both finite and indefinite lives. Consistent with the Company's accounting policies, it has evaluated the conditions specific to the Company and the assets subject to impairment to assess whether any impairment triggers that may lead to impairment have been identified. In doing this, the Company has reviewed the key assumptions in its previous annual impairment assessment to assess whether any changes to the assumptions within that impairment assessment would result in an impairment loss at 30 June 2020. Such assessment incorporated a consideration of COVID-19 and an impairment of the carrying value of intangibles associated with the Fraser Island CGU was brought to account in the period to reflect this. (refer Note 13)

Investments

The Company has assessed the carrying value of its investments at the reporting date for indicators of impairment and, where applicable, reviewed the measurement of the carrying value of such investments. This assessment incorporated a consideration of COVID-19 and an impairment of the carrying value of the Company's investment in UWAI was brought to account in the period to reflect this. (refer Note 11)

Risk management

The Company's risk management framework continues to be applied across the Operating Group and the Company continues to monitor the impact of COVID-19 on Company's risk profile. Non-financial risks emerging from global and local movement restrictions, liquidity, remote working by our staff, counterparties, clients and suppliers, are being identified, assessed, managed and governed through timely application of Company's risk management framework.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Warranty provision

In determining the level of provision required for warranties the consolidated entity has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

NOTE 3 OPERATING SEGMENTS

Identification of reportable operating segments

For management purposes the consolidated entity is organised into four operating segments. The principal products and services of each of these operating segments are as follows:

Marine and Tourism – operates vehicle and passenger ferry services, barging, coach tours and package holidays, lunch, dinner and charter cruises and accommodation facilities throughout Australia;

Australian Bus – operates metropolitan public bus services on behalf of governments in Sydney, Melbourne, Perth, Adelaide and Darwin;

International Bus – operates metropolitan public bus services on behalf of governments in London and Singapore; and

Corporate (Head Office) – provides finance, domestic and international sales and marketing, information and technology, business development, fleet management, health and safety and administration and risk management support.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors and Executive Committee (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. Finance costs, finance income, and fair value gains and losses on financial assets are not allocated to the individual segments below as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to the individual segments below as the underlying instruments are managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries.

The information reported to the CODM is on a monthly basis.

Intersegment transactions

Transfer pricing between operating segments is on an arm's length basis in a manner similar to transactions with third parties and inter-segment revenues are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

During the year ended 30 June 2020 approximately 64.7% (2019: 0.0%) of the consolidated entity's external revenue was derived from sales to governments.

Operating segment information

CONSOLIDATED – 2020	MARINE AND TOURISM $'000	AUSTRALIAN BUS $'000	INTERNATIONAL BUS $'000	CORPORATE $'000	TOTAL $'000
REVENUE					
Sales to external customers	213,937	277,111	132,644	–	623,692
Interest received	–	–	–	438	438
Total revenue	**213,937**	**277,111**	**132,644**	**438**	**624,130**
EBITDA	50,851	31,661	23,990	(15,079)	91,423
Depreciation	(13,299)	(5,018)	(1,476)	(1,122)	(20,915)
Depreciation ROUA	(3,750)	(2,142)	(12,762)	–	(18,654)
Impairment of assets	(10,797)	–	–	(1,637)	(12,434)
Amortisation of customer contracts	(1,877)	(13,248)	(5,740)	–	(20,865)
Finance costs	(385)	(819)	(1,467)	(7,097)	(9,768)
Business acquisition expenses	–	–	–	(17,510)	(17,510)
Revaluation of deferred consideration	–	–	–	1,395	1,395
Profit/(loss) before income tax expense	**20,743**	**10,434**	**2,545**	**(41,050)**	**(7,328)**
Income tax expense					(6,244)
Loss after income tax expense					**(13,572)**
ASSETS					
Segment assets	370,434	560,547	284,624	131,056	1,346,661
Unallocated assets:					
Deferred tax asset					43,161
Total assets					**1,389,822**
LIABILITIES					
Segment liabilities	111,686	122,099	126,033	370,825	730,643
Unallocated liabilities:					
Deferred tax liability					58,887
Total liabilities					**789,530**

The 2019 segment note is not comparable to the 2020 segment note due to the impact of depreciation in the current year, which will make EBITDA look higher in 2020 by $18.6m based on depreciation of right of use assets.

CONSOLIDATED – 2019	MARINE AND TOURISM $'000	AUSTRALIAN BUS $'000	INTERNATIONAL BUS $'000	CORPORATE $'000	TOTAL $'000
REVENUE					
Sales to external customers	248,774	–	–	–	248,774
Interest received	–	–	–	38	38
Total revenue	**248,774**	**–**	**–**	**38**	**248,812**
EBITDA (underlying)	47,298	–	–	–	47,298
Depreciation	(14,295)	–	–	(136)	(14,431)
Impairment of assets	–	–	–	(1,637)	(1,637)
Amortisation of customer contracts	(1,942)	–	–	–	(1,942)
Finance costs	(3,974)	–	–	–	(3,974)
Business acquisition expenses	(364)	–	–	–	(364)
Profit/(loss) before income tax expense	**26,723**	**–**	**–**	**(1,773)**	**24,950**
Income tax expense					(3,407)
Loss after income tax expense					**(21,543)**
ASSETS					
Segment assets	294,849	–	–	694	295,543
Unallocated assets:					5,936
Total assets					**301,479**
LIABILITIES					
Segment liabilities	134,432	–	–	–	134,432
Unallocated liabilities:					
Deferred tax liability					9,132
Total liabilities					**143,564**

Geographical information

	SALES TO EXTERNAL CUSTOMERS		GEOGRAPHICAL NON-CURRENT ASSETS	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Australia	491,048	248,774	935,095	262,352
Singapore	58,919	–	8,174	–
United Kingdom	73,725	–	221,129	–
	623,692	**248,774**	**1,164,398**	**262,352**

The geographical non-current assets above are exclusive of, where applicable, financial instruments and deferred tax assets.

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

	CONSOLIDATED	
	2020 $'000	2019 $'000
Goods transferred at a point in time	187,256	213,511
Services transferred over time	436,436	35,263
Revenue from contracts with customers	623,692	248,774

NOTE 5 OTHER INCOME

	CONSOLIDATED	
	2020 $'000	2019 $'000
Net foreign exchange gain	1,395	–
Gain on disposal of property, plant and equipment	9	687
Other income	20,978	1,889
Other income	22,382	2,576

NOTE 6 INCOME TAX EXPENSE

	CONSOLIDATED	
	2020 $'000	2019 $'000
Income tax expense		
Current tax	14,266	4,187
Deferred tax – origination and reversal of temporary differences	(7,606)	(782)
Adjustment recognised for prior periods	(287)	2
– s40-880 (off balance sheet)	(129)	–
Aggregate income tax expense	6,244	3,407
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 14)	213	(621)
Decrease in deferred tax liabilities (note 24)	(7,819)	(161)
Deferred tax – origination and reversal of temporary differences	(7,606)	(782)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	(7,328)	24,950
Tax at the statutory tax rate of 30%	(2,198)	7,485
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	13	17
Impairment of goodwill	1,200	–
Impairment of investment	491	492
Share-based payments	–	44
Non-taxable income	(3,882)	(4,633)
Acquisition costs	4,586	–
Net capital gain	6,247	–
Share issue expenses	126	–
NANE dividends	77	–
s408-880	(129)	–
	6,531	3,405
Adjustment recognised for prior periods	(287)	2
Income tax expense	6,244	3,407
Amounts credited directly to equity		
Deferred tax assets (note 14)	(748)	(776)

NOTE 7 CASH AND CASH EQUIVALENTS

	CONSOLIDATED 2020 $'000	2019 $'000
Current assets		
Cash on hand	469	154
Cash at bank	77,645	6,162
Cash on deposit	41,789	5,588
	119,903	11,904

NOTE 8 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2020 $'000	2019 $'000
Current assets		
Trade receivables	63,038	11,395
Less: Allowance for expected credit losses	(356)	(12)
	62,682	11,383
Other receivables	19,781	972
	82,463	12,355

Allowance for expected credit losses

Trade receivables are non-interest bearing and are generally on 30-60 day terms. An allowance is made for trade receivables and other receivables, as the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	EXPECTED CREDIT LOSS RATE		CARRYING AMOUNT		ALLOWANCE FOR EXPECTED CREDIT LOSSES	
CONSOLIDATED	2020 %	2019 %	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Not overdue	–	–	74,217	972	–	–
0 to 1 month overdue	–	0.02%	7,458	9,130	–	2
1 to 2 months overdue	–	0.10%	131	1,679	–	2
2 to 3 months overdue	–	0.25%	(139)	449	–	1
Over 3 months overdue	30.89%	5.10%	1,152	137	356	7
			82,819	**12,367**	**356**	**12**

Movements in the allowance for expected credit losses are as follows:

	CONSOLIDATED 2020 $'000	2019 $'000
Opening balance	12	31
Additional provisions recognised	205	–
Additions through business combinations	139	–
Receivables written off during the year as uncollectable	–	(19)
Closing balance	356	12

NOTE 9 INVENTORIES

	CONSOLIDATED 2020 $'000	2019 $'000
Current assets		
Goods held for resale – at cost	2,051	1,881
Less: Provision for impairment	(31)	(31)
	2,020	1,850
Fuel at cost	2,250	438
Spare parts at cost	10,017	2,633
Less: Provision for impairment	(406)	–
	13,881	4,921

NOTE 10 RIGHT-OF-USE ASSETS

	CONSOLIDATED 2020 $'000	2019 $'000
Non-current assets		
Land and buildings – right-of-use	107,769	–
Less: Accumulated depreciation	(5,392)	–
	102,377	–
Motor vehicles – right-of-use	47,175	–
Less: Accumulated depreciation	(11,047)	–
	36,128	–
	138,505	–

Reconciliations:

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

CONSOLIDATED	LAND AND BUILDINGS $'000	MOTOR VEHICLES '000	TOTAL $'000
Balance at 1 July 2018	–	–	–
Balance at 30 June 2019	–	–	–
Additions (including 1 July 2019 takeup)	15,162	1,066	16,228
Additions through business combinations (note 35)	94,901	46,926	141,827
Exchange differences	(2,044)	(1,266)	(3,310)
Transfers in/(out)	–	2,414	2,414
Depreciation expense	(5,642)	(13,012)	(18,654)
Balance at 30 June 2020	**102,377**	**36,128**	**138,505**

Refer Note 1. Impact of Adoption AASB 16 for the reconciliation "ROUA movement year ended 30 June 2020" for split of opening balance take up amounts on 1 July 2019 of $14.6m with the balance being additions during the year.

NOTE 11 OTHER ASSETS

	CONSOLIDATED 2020 $'000	2019 $'000
Current assets		
Prepayments	10,824	4,263
Customer acquisition costs	1,751	–
	12,575	4,263
Non-Current assets		
Other non-current assets	–	1,637
	12,575	**5,900**

There are currently several bids in process for the Australian and International bus businesses and customer acquisition costs reflects balances that will be brought to account once the successful bidder is announced by the governing body.

Other non-current assets is nil due to impairment of the remaining balance of the investment in UWAI Limited. This was a Simple Agreement for Future Equity ("SAFE") for $2.5M USD entered into 19 March 2018. The SAFE contains a debt contract with an option to convert to equity however there with significant unobservable inputs at 30 June 2019 and 2020 it has now been fully impaired based on fair market valuation.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2020 $'000	2019 $'000
Non-current assets		
Land and buildings – at cost	81,052	46,454
Less: Accumulated depreciation	(5,172)	(4,588)
	75,880	41,866
Leasehold improvements – at cost	17,205	712
Less: Accumulated depreciation	(409)	(193)
	16,796	519
Plant and equipment – at cost	26,468	19,101
Less: Accumulated depreciation	(8,827)	(8,691)
	17,641	10,410
Motor vehicles – at cost	134,281	13,259
Less: Accumulated depreciation	(9,759)	(4,139)
	124,522	9,120
Motor vehicles under lease	–	3,238
Less: Accumulated depreciation	–	(824)
	–	2,414
Vessels – at cost	186,179	178,469
Less: Accumulated depreciation	(56,756)	(47,582)
Less: Impairment	(6,797)	–
	122,626	130,887
Capital works in progress – at cost	16,586	6,180
	374,051	**201,396**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

CONSOLIDATED	LAND & BUILDINGS $'000	LEASEHOLD IMPROVEMENTS $'000	PLANT & EQUIPMENT $'000	MOTOR VEHICLES $'000	VEHICLES UNDER LEASE $'000	VESSELS $'000	CWIP $'000	TOTAL $'000
Balance at 1 July 2018	42,426	581	11,590	8,262	2,783	142,203	2,256	210,101
Additions	284	–	645	2,257	–	5,994	8,465	17,645
Disposals	–	–	(21)	(84)	(33)	(11,781)	–	(11,919)
Transfers in/(out)	–	–	879	–	–	3,662	(4,541)	–
Depreciation expense	(844)	(62)	(2,683)	(1,315)	(336)	(9,191)	–	(14,431)
Balance at 30 June 2019	41,866	519	10,410	9,120	2,414	130,887	6,180	201,396
Additions	651	392	1,746	3,400	–	570	22,699	29,458
Additions through business combinations (note 35)	36,109	16,957	9,148	116,687	–	–	90	178,991
Disposals	(537)	–	(73)	(607)	–	(1,732)	–	(2,949)
Exchange differences	(1,888)	(843)	(33)	(132)	–	–	–	(2,896)
Impairment of assets	–	–	–	–	–	(6,797)	–	(6,797)
Transfers in/(out)	590	42	683	2,234	(2,414)	9,011	(12,383)	(2,237)
Depreciation expense	(911)	(271)	(4,240)	(6,180)	–	(9,313)	–	(20,915)
Balance at 30 June 2020	**75,880**	**16,796**	**17,641**	**124,522**	**–**	**122,626**	**16,586**	**374,051**

At 30 June 2020 three vessels are under construction, seventy-two buses and four vehicles were under contract to be purchased in Australia and thirty-seven buses and six vehicles are under contract internationally. Additionally we have committed to an electrification project for the buses internationally.

At 30 June 2019, there were three vessels under construction, three bus refurbishments underway and the fitout for the upgrade facilities in Queensland.

During the period following a review of the carrying value of certain underutilised vessels across the fleet, primarily those relating to lunch and dining experiences, an impairment of $6.8m was recognised. This is a COVID-19 related impairment.

NOTE 13 INTANGIBLES

	CONSOLIDATED 2020 $'000	2019 $'000
Non-current assets		
Goodwill – at cost	481,213	47,800
Less: Impairment	(4,000)	–
	477,213	47,800
Customer contracts – at cost	143,065	8,414
Less: Accumulated amortisation	(26,191)	(5,644)
	116,874	2,770
Other intangible assets – at cost	4,064	3,199
Less: Accumulated amortisation	(1,568)	(386)
	2,496	2,813
Customer relationships – Sita Coaches	8,700	–
	605,283	53,383

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

CONSOLIDATED	Goodwill $'000	Customer contracts $'000	Other intangibles $'000	Customer relationships $'000	Total $'000
Balance at 1 July 2018	47,800	4,328	3,199	–	55,327
Amortisation expense	–	(1,558)	(386)	–	(1,944)
Balance at 30 June 2019	47,800	2,770	2,813	–	53,383
Additions through business combinations (note 35)	433,413	134,652	–	8,700	576,765
Impairment of assets	(4,000)	–	–	–	(4,000)
Amortisation expense	–	(20,548)	(317)	–	(20,865)
Balance at 30 June 2020	**477,213**	**116,874**	**2,496**	**8,700**	**605,283**

The impairment of $4m against goodwill relates to Fraser Island resort which was reviewed for impairment. See commentary below.

Impairment testing

Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	CONSOLIDATED 2020 $'000	2019 $'000
KI Odysseys	209	209
SeaLink Queensland	6,420	6,420
Captain Cook Cruises WA	3,590	3,590
Transit Systems Marine business (South East Queensland)	30,081	30,081
Fraser Island (after impairment)	3,500	7,500
Transit – NSW	62,000	–
Transit – WA & NT	159,100	–
Transit – SA	58,571	–
Sita – Victoria	44,900	–
Tower Transit – Singapore	104,934	–
Tower Transit – London	3,908	
	477,213	47,800

The recoverable amount of the consolidated entity's goodwill (excluding the goodwill associated with the recently acquired Transit Systems Group) has been determined by a value-in-use calculation using a discounted cash flow model. The cashflow projections are based on annual financial budgets approved by senior management and the Board, extrapolated using the growth rates below for a five-year period as approved by management together with a terminal value. The assumptions for determining the recoverable amount are based on past experience and Senior Management's expectation for the future taking into consideration the impact of COVID-19, travel restrictions that exist and recent trading performance.

Management have assessed the recent trading performance and outlook for each of the Transit Systems Group CGU's against the financial metrics supporting the acquisition and determined that there were no indicators of impairment for the goodwill recognised with the acquisition. In the event the Singapore bus contract is not retained in FY2021 there is the potential for the goodwill to be impaired for this CGU.

For all cash-generating units (CGU), an EBITDA multiple of between 6 and 8 times five year earnings has been used to determine the terminal value based on comparable multiples for similar businesses and Senior Management's expectations of market prices for these types of businesses.

Key assumptions are those to which the recoverable amount of an asset or CGU is most sensitive.

The following key general assumptions were used in the discounted cash flow models and value in use calculations:

The discount rate of 9.4% (2019:10.5%) pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for, the risk free rate and the volatility of the share price relative to market movements.

Management believes the projected 2.0% revenue growth rate is prudent and justified, based on the current uncertainty of the market. As a result of the updated analysis, management did not identify an impairment for any of the CGU's except for Fraser Island.

Sensitivity
As disclosed in note 2, the Directors have made assumptions and estimates in respect of impairment testing of goodwill.

Should these assumptions and estimates not occur the resulting goodwill carrying amount may decrease. The assumptions and estimates are as follows:

SeaLink Queensland
Passenger numbers to Magnetic Island – An increase of 2%-3% in traffic has been inbuilt into forecast sales based on strong domestic growth as well as a growing population base in Townsville. Vessel repairs – These are estimated to increase at 1.5% adjusted for significant expected engine rebuilds and refurbishments.

KI Odysseys
Passengers for KIO – An increase of 2%-3% in traffic has been inbuilt to the forecast based on increased demand for small group touring , increased marketing focus and higher online sales expected.

Captain Cook Cruises WA
Passenger revenue for CCC WA – An increase of 2% in traffic based on increased tourism flow and growth from Elizabeth Quay and 7% growth in the Rottnest Island operation.

Transit Systems Marine business
Revenue for the Transit Marine business – An increase in revenue of 3% to reflect small traffic growth as well as a 2% pricing increase based on increased tourism flow to Stradbroke Island, CPI increases built into fixed contracts and growth in vessel charter rates.

Fraser Island business
Revenue for the Fraser Island business – While revenue growth is anticipated as being 2%, which is lower than has been forecasted in previous years, due to the island being closed during COVID-19 and the uncertainty as to when international borders will open and international tourists return, a $4.0 million impairment has been recognised against the carrying value of goodwill associated with Fraser Island.

There has been no change to the current level of capital expenditure assumed for all CGU's.

Management have reviewed the changes to the key assumptions in the model and based on those changes have assessed there would not be an impairment of goodwill for any of the CGU's other than Fraser Island.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the Marine and Tourism division's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

CUSTOMER CONTRACTS AND OTHER INTANGIBLES (PERMITS AND CUSTOMER RELATIONSHIPS)

Customer contracts of $7.4m are associated with several government contracts for ferry services in the Southern Moreton Bay, Gladstone, Perth. As part of the Transit Systems Group acquisition, bus contracts in Australia and Singapore were acquired with a fair value of $134.7m.

As part of the Fraser acquisition in 2018, touring and access permits were acquired with a fair value of $3.2m. In addition $8.7m of intangible customer relationships was recognised for Sita as part of the Transit Systems acquisition.

As part of the Transit Systems Group acquisition, during the period, the Company recorded amortisation of $19.4m associated with customer contracts and permits with an associated reduction in the Deferred Tax Liability of $5.8m.

All customer contracts are amortised over their estimated finite life and the amortisation period ranges between 1 and 10 years.

NOTE 14 DEFERRED TAX ASSETS

	CONSOLIDATED 2020 $'000	2019 $'000
Non-current assets		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	1,760	–
Allowance for expected credit losses	102	3
Employee benefits	20,040	3,852
Accrued expenses	1,382	179
Revenue received in advance	233	412
Capital expense timing differences	165	357
Finance leases	13,370	–
Provisions	3,694	–
Finance costs	534	–
	41,280	4,803
Amounts recognised in equity:		
Derivative financial instruments	1,881	1,133
Deferred tax asset	43,161	5,936

	CONSOLIDATED 2020 $'000	2019 $'000
Movements		
Opening balance	5,936	4,539
Credited/(charged) to profit or loss (note 6)	(213)	621
Credited to equity (note 6)	748	776
Additions through business combinations (note 35)	36,690	–
Closing balance	43,161	5,936

NOTE 15 TRADE AND OTHER PAYABLES

	CONSOLIDATED 2020 $'000	2019 $'000
Current liabilities		
Trade payables	32,936	6,150
BAS payable	13,469	766
Other payables	34,004	969
	80,409	7,885

Refer to note 29 for further information on financial instruments.
Trade creditors are non-interest bearing and are normally settled on 14-60 day terms.

NOTE 16 CONTRACT LIABILITIES

	CONSOLIDATED 2020 $'000	2019 $'000
Current liabilities		
Contract liabilities	7,408	7,087
Reconciliation		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	7,087	6,471
Payments received in advance	321	616
Closing balance	7,408	7,087

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $3,696,954,000 as at 30 June 2020 ($73,130,000 as at 30 June 2019) and is expected to be recognised as revenue in future periods as follows:

	CONSOLIDATED 2020 $'000	2019 $'000
Within one year	976,117	28,561
More than one year	2,720,837	44,569
	3,696,954	73,130

NOTE 17 BORROWINGS

	CONSOLIDATED 2020 $'000	2019 $'000
Non-current liabilities		
Other loans	44,201	–
Commercial bills payable	266,000	92,500
	310,201	92,500

Refer to note 29 for further information on financial instruments.

Total secured liabilities

Other loans are made up of vendor financing relating to the acquisition of the Sita bus business ($36.6m) and separately an MRPS loan instrument ($7.6m) as part of business combinations. Both attract an interest rate of 6% per annum. Repayments for the Sita vendor financing are due in equal instalments in April 2022 and April 2023. The MRPS has a rolling coupon arrangement in place with no fixed future repayment date.

Assets pledged as security

SeaLink and each borrower (which includes members of the Transit Systems Group), has provided security in respect of all of their respective assets and undertakings, including direct shares and units in entities within the Transit Systems Group other than those which cannot be charged without third party consent and real property mortgages over its freehold real property (excluding the bus depot at Westbourne Park, UK) and certain leasehold property. Also registered ship mortgages over all vessels in the fleet that are not leased, except for the WA vessels. SeaLink and certain guarantors (which includes members of the Transit Systems Group) has provided a guarantee and indemnity to the Lenders in respect of the new Financing Facilities.

Various guarantees/performance bonds have been provided as surety on a range of material operational contracts and lease contracts. Guarantees provided total $91.3 million (2019: $2.4 million), the significant increase relates to the acquisition of the Transit Systems Group with significant government contractual obligations.

Interest bearing loans and borrowings have a fair value of $266,000,000 (2019: $92,500,000) and a carrying value of $266,000,000 (2019: $92,500,000). During the year, interest bearing borrowings of $228,102,000 were repaid from funds raised through cashflow from operations, new borrowings and capital raising. During the year $266,000,000 were drawn down in order repay borrowings, complete the acquisition of Transit Systems Group and fund operations.

As part of the Transit Systems Group acquisition, SeaLink entered into the following new three to five year facilities with a panel of four financiers:

- Facility A: a multicurrency term loan facility with a limit of $230 million and a term of 5 years from commencement, utilised primarily to fund the Acquisition, associated transaction costs and any repayment of debt of the Transit Systems Group;
- Facility B1: a multicurrency revolving credit facility with a limit of $50 million and a term of 3 years from commencement, for general corporate purposes;
- Facility B2: a multicurrency revolving credit facility with a limit of $65 million and a term of 5 years from commencement, for general corporate purposes; and
- Facility C: a multicurrency revolving letter of credit facility with a limit of $125 million and a term of 5 years from commencement, for the provision of letters of credit for material contract performance (including the provision of new or refinanced performance bonds and bank guarantees).

The facilities are provided on a floating rate basis referenced to the BBSY rate. As at year end, the balance of Facility A (fully drawn) $230,000,000 had an average rate of 1.87% (2019: 3.85%) and the balance of Facility B $36,000,000 had an average rate of 1.57%. All current facilities are at floating rates (2019: 2.2%). Committed financing facilities of $345,000,000 (2019: $118,000,000) were available to the consolidated entity at the end of the financial year. As at that date, $266,000,000 (2019: $92,500,000) of these facilities were in use.

During the current year, there were no defaults or breaches.

Financing arrangements

As part of Transit Systems Group acquisition, SeaLink entered into the following 3-5 year facilities with a panel of four financiers. Unrestricted access was available at the reporting date to the following lines of credit:

	CONSOLIDATED	
	2020 $'000	2019 $'000
Total facilities		
Facility A – multi currency term loan	230,000	–
Facility B1 – revolving credit	50,000	–
Facility B2 – revolving credit	65,000	–
Facility C – revolving letter of credit	125,000	–
Interchangeable bill facility	–	118,000
Vendor financing facility	36,601	–
MRPS loan	7,600	–
	514,201	118,000
Used at the reporting date		
Facility A – multi currency term loan	230,000	–
Facility B1 – revolving credit	36,000	–
Facility B2 – revolving credit	–	–
Facility C – revolving letter of credit	88,647	–
Interchangeable bill facility	–	92,500
Vendor financing facility	36,601	–
MRPS loan	7,600	–
	398,848	92,500
Unused at the reporting date		
Facility A – multi currency term loan	–	–
Facility B1 – revolving credit	14,000	–
Facility B2 – revolving credit	65,000	–
Facility C – revolving letter of credit	36,353	–
Interchangeable bill facility	–	25,500
Vendor financing facility	–	–
MRPS loan	–	–
	115,353	25,500

Financing cash flows

During the period $92.5m debt was repaid from $154m share capital raising proceeds (related share issue transaction cost expended were $7.1m) and then a further $266m was drawndown through new finance facilities. Of this $135.6m was used to repay debt of the acquired businesses at acquisition. A further $24.5m of repayments were made on leases and finally $18.1m of dividends were paid during the year.

NOTE 18 LEASE LIABILITIES

	CONSOLIDATED	
	2020 $'000	2019 $'000
Current liabilities		
Lease liability – Current	29,974	822
Non-current liabilities		
Lease liability – Non current	74,409	2,457
	104,383	3,279

Refer to note 29 for further information on financial instruments.

NOTE 19 OTHER FINANCIAL LIABILITIES

	CONSOLIDATED 2020 $'000	2019 $'000
Current liabilities		
Interest rate swap contracts – cash flow hedges	1,167	943
Fuel price swap contracts – cash flow hedges	739	–
	1,906	943
Non-current liabilities		
Interest rate swap contracts – cash flow hedges	4,284	2,832
Fuel price swap contracts – cash flow hedges	80	–
	4,364	2,832
	6,270	3,775

Refer to note 29 for further information on financial instruments.

NOTE 20 INCOME TAX

	CONSOLIDATED 2020 $'000	2019 $'000
Current liabilities		
Provision for income tax	15,833	–

NOTE 21 EMPLOYEE BENEFITS

	CONSOLIDATED 2020 $'000	2019 $'000
Current liabilities		
Annual leave	41,305	5,110
Long service leave	27,725	5,669
Sick leave	1,117	64
Employee benefits	362	184
	70,509	11,027
Non-current liabilities		
Long service leave	12,190	1,813
	82,699	12,840

NOTE 22 PROVISIONS

	CONSOLIDATED 2020 $'000	2019 $'000
Current liabilities		
Deferred consideration	25,005	–
Other provisions	11,168	275
	36,173	275

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

CONSOLIDATED – 2020	Motor claims $'000	Make good $'000	Bus parts $'000	Deferred consideration $'000	Other $'000
Carrying amount at the start of the year	–	–	–	–	275
Additional provisions recognised	3,014	42	–	–	–
Additions through business combinations (note 35)	3,625	3,406	3,190	26,400	–
Amounts used	(1,714)	(193)	(79)	–	–
Exchange differences	(176)	(178)	(44)	(1,395)	–
Carrying amount at the end of the year	**4,749**	**3,077**	**3,067**	**25,005**	**275**

NOTE 23 OTHER LIABILITIES

	CONSOLIDATED 2020 $'000	2019 $'000
Current liabilities		
Deferred consideration	18,850	–
Accrued expenses	36,637	5,418
Deferred revenue	8,137	–
Subsidies and grants received in advance	314	597
	63,938	6,015
Non-current liabilities		
Deferred consideration	22,867	–
Subsidies and grants received in advance	462	776
	23,329	776
	87,267	6,791

Current deferred consideration includes $7.4m relating to a historical acquisition within the business combination acquired.

NOTE 24 DEFERRED TAX LIABILITIES

	CONSOLIDATED	
	2020 $'000	2019 $'000
Non-current liabilities		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	21,433	8,111
Prepayments	876	48
Customer contracts	35,071	830
Consumables	90	143
Other intangible assets	1,417	–
Deferred tax liability	58,887	9,132
Movements:		
Opening balance	9,132	9,293
Credited to profit or loss (note 6)	(7,819)	(161)
Additions through business combinations (note 35)	57,574	–
Closing balance	58,887	9,132

NOTE 25 ISSUED CAPITAL

			CONSOLIDATED	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Ordinary shares – fully paid	218,399,048	101,429,103	572,377	96,057

Movements in ordinary share capital

DETAILS	DATE	SHARES	$'000
Balance	1 July 2018	101,154,103	95,557
Conversion of options		275,000	500
Balance	30 June 2019	101,429,103	96,057
Issue of shares	17 October 2019	30,946,200	108,312
Issue of shares	5 November 2019	1,433,426	5,017
Issue of shares	6 November 2019	11,620,374	40,671
Issue of shares as consideration	16 January 2020	72,869,945	329,372
Share raising costs		–	(7,052)
Issue of shares		100,000	–
Balance	30 June 2020	218,399,048	572,377

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2019 Annual Report.

The consolidated entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'trade and other payables' and 'borrowings' as shown in the statement of financial position) less 'cash and cash equivalents' as shown in the statement of financial position. Total capital is calculated as 'total equity' as shown in the statement of financial position (including non-controlling interest) plus net debt.

The gearing ratio at the reporting date was as follows:

	CONSOLIDATED	
	2020 $'000	2019 $'000
Current liabilities – trade and other payables (note 15)	80,409	7,885
Non-current liabilities – borrowings (note 17)	310,201	92,500
Total borrowings	390,610	100,385
Current assets – cash and cash equivalents (note 7)	(119,903)	(11,904)
Net debt	270,707	88,481
Total equity	600,292	157,915
Total capital	870,999	246,396
Gearing ratio	31%	36%

NOTE 26 RESERVES

	CONSOLIDATED	
	2020 $'000	2019 $'000
Foreign currency reserve	(966)	–
Hedging reserve – cash flow hedges	(4,389)	(2,643)
Options reserve	1,364	943
	(3,991)	(1,700)

Hedging reserve – cash flow hedges

The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

CONSOLIDATED	Share option surplus $'000	Cash flow hedging $'000	Foreign currency $'000	Total $'000
Balance at 1 July 2018	795	(831)	–	(36)
Revaluation – gross	–	(1,812)	–	(1,812)
Deferred tax	148	–	–	148
Balance at 30 June 2019	943	(2,643)	–	(1,700)
Revaluation – gross	–	(2,494)	(966)	(3,460)
Deferred tax	–	748	–	748
Share option expense	421	–	–	421
Balance at 30 June 2020	**1,364**	**(4,389)**	**(966)**	**(3,991)**

NOTE 27 RETAINED PROFITS

	CONSOLIDATED 2020 $'000	2019 $'000
Retained profits at the beginning of the financial year	63,558	56,700
Profit/(loss) after income tax expense for the year	(13,572)	21,543
Dividends paid (note 28)	(18,080)	(14,685)
Retained profits at the end of the financial year	31,906	63,558

NOTE 28 DIVIDENDS

Dividends

Dividends paid during the financial year were as follows:

	CONSOLIDATED 2020 $'000	2019 $'000
Interim fully franked dividend for the year ended 30 June 2020 paid 31 March 2020 of 6.5 cents (2019: 6.5 cents) per ordinary share	9,459	6,593
Final fully franked dividend for the year ended 30 June 2019 paid 17 September 2019 of 8.5 cents (2018: 8.0 cents) per ordinary share	8,621	8,092
	18,080	14,685

Franking credits

	CONSOLIDATED 2020 $'000	2019 $'000
Franking credits available at the reporting date based on a tax rate of 30%	44,385	49,999
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	–	–
Franking credits available for subsequent financial years based on a tax rate of 30%	44,385	49,999

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for income tax.

NOTE 29 FINANCIAL INSTRUMENTS

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

MARKET RISK

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the consolidated entity has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. Management has a risk management policy to hedge 100% of purchases and 50% of anticipated foreign currency transactions for the subsequent 6 months.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
CONSOLIDATED	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**
US dollars	14	–	–	–
Pound Sterling	14,484	–	49,300	–
Singapore dollars	37,882	–	19,260	–
	52,380	–	68,560	–

The consolidated entity had net current liabilities denominated in foreign currencies of $25,550,553 (assets of $63,688,792 less liabilities of $89,239,345) as at 30 June 2020 (2019: $nil). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% (2019: n/a) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been $1,277,528 lower/$1,277,528 higher (2019: n/a) and equity would have been $894,270 lower/$894,270 higher (2019: n/a). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange gain for the year ended 30 June 2020 was $1.395m (2019: $nil).

Price risk

The consolidated entity is not exposed to any significant price risk from fluctuations in fuel price as this is indexed in the bus contracts and passed through to the customer.

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk. The policy is to maintain approximately 50% of current borrowings at fixed rates using interest rate swaps to achieve this when necessary.

As at the reporting date, the consolidated entity had the following average interest rate borrowings and interest rate swap contracts outstanding:

	2020		2019	
CONSOLIDATED	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Bank overdraft and bank loans – floating	1.83%	266,000	2.74%	92,500
Vendor financing – fixed	6.00%	36,601	–	–
MRPS loan – fixed coupon rate	6.00%	7,600	–	–
Net exposure to cash flow interest rate risk		310,201	–	92,500

The consolidated entity has entered into an interest rate swap of $120m that effectively hedges approximately 50% of the company's exposure to fluctuations in interest rates.

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

For the consolidated entity the bank loans outstanding, totalling $266 million (2019: $92.5 million), are principal and interest payment loans. Monthly cash outlays of approximately $477,464 (2019: $114,583) per month are required to service the interest payments. An official increase in interest rates of 0.5% and decrease 1% (2019: increase 0.5%, decrease 1.0%) basis points would have an adverse effect on profit before tax of $1,330,000, decrease positive effect $2,660,000 (2019: (increase rates ($462,500), decrease rates $925,000)) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. There are no minimum principal repayments due (2019:nil).

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on references, industry knowledge, ability to pay and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored with an analysis reported to the Board monthly. Material debtors are largely associated with government agencies and are reviewed by management taking into consideration the associated credit ratings and risk applicable to the relevant country for (international operations) or state within Australia and are generally considered relatively low risk.

Generally, trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

There were no exposures that comprised more than 30% of trade receivables. Collection of this debt is generally not considered doubtful however some small provisions have been made for debts with the indicators of no reasonable recovery, mainly businesses impacted by COVID-19.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Audit and Risk Committee in accordance with the Group's policy. Investments of surplus funds are only placed with the Group's major bank.

LIQUIDITY RISK

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk using a liquidity planning tool and by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, interchangeable limits, finance leases and hire purchase contracts. The Group's policy is to ensure that the core funding limits have no less than a 12 month maturity date. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing or alternative lenders.

Financing arrangements

Unused borrowing facilities at the reporting date:

	CONSOLIDATED 2020 $'000	2019 $'000
Facility B1 – revolving credit	14,000	–
Facility B2 – revolving credit	65,000	–
Facility C – revolving letter of credit	36,353	–
Interchangeable bill facility	–	25,500
	115,353	25,500

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 3.5 years (2019: 5 years).

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

CONSOLIDATED – 2020	Weighted average interest rate %	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade payables	–	32,936	–	–	32,936
BAS payables	–	13,469	–	–	13,469
Other payables	–	37,401	–	–	37,401
Financial guarantee contracts (on demand)	–	91,322	–	–	91,322
Interest-bearing variable					
Commercial bills	1.83%	4,868	49,945	234,209	289,022
Interest-bearing – fixed rate					
Lease liability	2.97%	30,864	38,160	36,079	105,103
Vendor financing	6.00%	2,196	38,797	–	40,993
MRPS loan	6.00%	456	456	8,056	8,968
Total non-derivatives		213,512	127,358	278,344	619,214
Derivatives					
Interest rate swaps net settled	–	1,167	4,284	–	5,451
Fuel price swaps net settled	–	739	80	–	819
Total derivatives		1,906	4,364	–	6,270

CONSOLIDATED – 2019	Weighted average interest rate %	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade payables	–	6,150	–	–	6,150
BAS payables	–	766	–	–	766
Other payables	–	969	–	–	969
Interest-bearing variable					
Commercial bills	2.20%	1,375	66,625	–	68,000
Interest-bearing – fixed rate					
Commercial bills	3.85%	1,155	33,465	–	34,620
Lease liability	3.71%	846	3,545	–	4,391
Total non-derivatives		11,261	103,635	–	114,896
Derivatives					
Interest rate swaps net settled	–	943	2,832	–	3,775
Total derivatives		943	2,832	–	3,775

Details about the financial guarantee contracts are provided in Note 17. The amounts disclosed in the above tables are the maximum amounts allocated to the earliest period in which the guarantee could be called upon.

The consolidated entity does not expect these payments to eventuate.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position, for the consolidated entity are as follows:

CONSOLIDATED	2020 Carrying amount $'000	2020 Fair value $'000	2019 Carrying amount $'000	2019 Fair value $'000
Assets				
Cash on hand	469	469	154	154
Cash at bank	77,645	77,645	6,162	6,162
Cash on deposit	41,789	41,789	5,588	5,588
Trade receivables	62,682	62,682	11,383	11,383
Other receivables	19,781	19,781	972	972
Other financial assets	–	–	1,637	1,637
	202,366	202,366	25,896	25,896
Liabilities				
Trade payables	32,936	32,936	6,150	6,150
Other payables	34,004	34,004	969	969
BAS payable	13,469	13,469	766	766
Commercial bills	266,000	266,000	92,500	92,500
Lease liability	104,383	104,383	3,279	3,279
Interest rate swap	6,270	6,270	3,775	3,775
Vendor financing	36,601	36,601	–	–
MRPS loan	7,600	7,600	–	–
	501,263	501,263	107,439	107,439

The fair value of the financial assets and liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

NOTE 30 KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

The following persons were directors of SeaLink Travel Group Limited during the financial year:

Non-executive directors

A McEvoy	Chair	Retired 30 June 2020
T Dodd	Non-Executive Director	
C Smerdon	Non-Executive Director	
A Staines	Non-Executive Director	
F Hele	Non-Executive Director	
N Smith	Non-Executive Director	Appointed 16 January 2020

Executive director

J Ellison	CEO and Managing Director, Deputy Chair and Non-Executive Director	Retired as CEO 16 January 2020. Non-Executive Director 17 February 2020 Appointed Deputy Chair 26 February 2020

Other key management personnel

The following personnel also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

CEO and Senior executives		
C Feuerherdt	Group Chief Executive Officer	Appointed 16 January 2020
A Muir	Chief Financial Officer & Joint SeaLink Secretary	
G Legh	Chief Development Officer	Appointed 16 January 2020
C Beaumont	Chief Operating Officer – International	Appointed 16 January 2020
W Toh	Managing Director – Singapore	Appointed 16 January 2020
D Gauci	Chief Operating Officer – Marine and Tourism	
P Victory	General Manager – Growth and Innovation	Ceased 16 January 2020
C Benson	Chief Information Officer	Ceased 16 January 2020
J McDonald	General Counsel & Joint SeaLink Secretary	Ceased 16 January 2020
B Martlew	Chief People Officer	Ceased 16 January 2020
M Niemann	General Manager, Marine Fleet	Ceased 16 January 2020

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	CONSOLIDATED	
	2020 $'000	2019 $'000
Short-term employee benefits	4,426	2,438
Post-employment benefits	–	180
Long-term benefits	160	67
Share-based payments	375	1
	4,961	2,686

NOTE 31 REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the company, and unrelated firms:

	CONSOLIDATED	
	2020 $'000	2019 $'000
Audit services – Ernst & Young		
Audit or review of the financial statements	545	215
Audit services – unrelated firms		
Audit or review of the financial statements	183	–
Other services – unrelated firms		
Other	116	–
	299	–

NOTE 32 COMMITMENTS

	CONSOLIDATED	
	2020 $'000	2019 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Vessels	9,844	19,914
Buses and motor vehicles	59,989	965
Other	3,225	170

NOTE 33 RELATED PARTY TRANSACTIONS

Parent entity
SeaLink Travel Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 36.

Key management personnel
Disclosures relating to key management personnel are set out in note 30 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties at arms length prices:

	CONSOLIDATED	
	2020 $'000	2019 $'000
Payment for goods and services: Vectra Corporation Limited (associated with Mr C Smerdon) – Software licensing in relation to cyber security products	21	101
Pacific Marine (associated with Mr T Dodd) – Provision of marine piling services	19	13
ST Property Trust, ST Property Trust No. 2, Newton No. 2 Trust and Bridj Pty Ltd (associated with Mr N Smith)	–	–
Rental for bus depots operated by Transit Systems Group in Australia and "on demand" software licencing costs	1,671	–

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 34 PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	PARENT	
	2020 $'000	2019 $'000
Profit after income tax	18,081	14,685
Total comprehensive income/(loss)	18,081	14,685
Statement of financial position		
Total current assets	15,919	15,919
Total assets	574,268	97,525
Total current liabilities	–	–
Total liabilities	2,206	2,206
Equity		
Issued capital	572,377	96,055
Options reserve	1,364	943
Accumulated losses	(1,679)	(1,679)
Total equity	572,062	95,319

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 35 BUSINESS COMBINATIONS

Acquisition of Transit Systems Group

On 16 January 2020, the Group acquired 100% of the voting shares of Transit Systems Pty Ltd, Tower Transit Group Ltd and their broader group of entities (including trusts) ("the Transit Systems Group"), a passenger transport group operating in the bus segment in exchange for cash consideration and SeaLink ordinary shares.

Transit Systems Group is Australia's largest private operator of metropolitan public bus services and an established international bus operator in London and Singapore. The acquisition creates a large marine and bus multi-modal transport provider and has diversified and expanded SeaLink's business operations and geographic base creating opportunities for expansion both domestically and internationally. The consolidated financial statements include the results of Transit Systems Group for the period from 16 January 2020 until 30 June 2020 and has been accounted for using the acquisition method.

The goodwill of $433.4m represents the value of expected synergies and future benefits arising from the acquisition associated with the business track record and experience to win and retain future contracts that are not separately recognised. Goodwill is allocated to the Australian and International Bus segments. The acquired business contributed revenues of $409.8m and profit after tax of $12.7m to the consolidated entity for the period from 16 January 2020 to 30 June 2020. If the acquisition occurred on 1 July 2019, the full year contributions would have been revenues of $940.3m and profit after tax of $55.2m. The values identified in relation to the acquisition of the Transit Systems Group are provisional as at 31 August 2020.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

The Company issued 72,869,945 ordinary shares as consideration for the 100% interest in Transit Systems Group. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of completion, which was $4.52 per share. The fair value of the consideration paid by way of shares was therefore $329,372,151.

Transaction costs of $17,510,000 were expensed and are shown as a separate line in the Profit and Loss Statement. The attributable costs of the issuance of the shares of $7,052,000 has been charged directly to equity as a reduction to issued capital.

CONTINGENT CONSIDERATION

As part of the purchase agreement with the previous owners of Transit Systems Group, a contingent consideration had been agreed subject to achieving certain financial performance milestones per the purchase agreement.

There will be additional cash payments to the previous owners of Transit Systems Group of up to $63,000,000, if Transit Systems Group generates up to $7,000,000 of EBITDA above the FY20 proforma normalised EBITDA for Transit Systems Group of $79,000,000. This remains subject to final review audit sign off by the vendors but it is managements expectation that no additional payment will be made as based on their assessment the criteria has not been met. In addition, a provision for deferred consideration has been recognised for the potential part sale of the Westbourne Park property in London. This is subject to an option held by an unrelated third party.

As at the acquisition date, it was assessed that no contingent consideration would be paid and as a consequence, the fair value of the contingent consideration was estimated to be nil.

Details of the Transit Systems Australia acquisition are as follows:

	FAIR VALUE $'000
Cash and cash equivalents	13,390
Trade receivables	89,195
Inventories	10,207
Prepayments	9,873
Property, plant and equipment	178,991
Right-of-use assets	141,827
Intangible assets (excl Goodwill)	143,352
Deferred tax asset	36,690
Trade payables	(77,637)
Provision for income tax	(12,945)
Deferred tax liability	(57,574)
Employee benefits	(65,650)
Provisions	(10,221)
Interest bearing loans and borrowings	(185,988)
Lease liability	(123,651)
Net assets acquired	89,859
Goodwill	433,413
Acquisition-date fair value of the total consideration transferred	523,272
Representing	
Cash paid or payable to vendor	133,200
SeaLink Travel Group Limited shares issued to vendor	329,372
Deferred cash consideration	34,300
Deferred consideration	26,400
	523,272
Acquisition costs expensed to profit or loss	17,510
Cash used to acquire business, net of cash acquired	
Acquisition-date fair value of the total consideration transferred	523,272
Less: payments to be made in future periods	(60,700)
Less: shares issued by company as part of consideration	(329,372)
Net cash used	**133,200**

The amounts disclosed above are provisional pending finalisation.

NOTE 36 INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Australia Inbound Pty Ltd	Australia	100.00%	100.00%
Avonward Pty Ltd	Australia	100.00%	100.00%
Big Red Cat Pty Ltd	Australia	100.00%	100.00%
BITS Assets Pty Ltd	Australia	100.00%	100.00%
BITS Ferry Services Pty Ltd	Australia	100.00%	100.00%
Captain Cook Cruises Pty Ltd	Australia	100.00%	100.00%
Curtis Island Assets Pty Ltd	Australia	100.00%	100.00%
Curtis Island Services Pty Ltd	Australia	100.00%	100.00%
Kangaroo Island Adventure Tours Pty Ltd	Australia	100.00%	100.00%
Kangaroo Island Odysseys Pty Ltd	Australia	100.00%	100.00%
Kangaroo Island SeaLink Pty Ltd	Australia	100.00%	100.00%
KBRV Resort Operations Pty Ltd	Australia	100.00%	100.00%
KBRV Services Pty Ltd	Australia	100.00%	100.00%
Magnetic Island Cruise Corporation Pty Ltd	Australia	100.00%	100.00%
Pacific Transit Pty Ltd	New Zealand	100.00%	–
PDW Pty Ltd	Australia	100.00%	100.00%
River City Ferries Pty Ltd	Australia	100.00%	100.00%
Sea Stradbroke Services Pty Ltd	Australia	100.00%	100.00%
SeaLink Ferries Pty Ltd	Australia	100.00%	100.00%
SeaLink Fraser Island Pty Ltd	Australia	100.00%	100.00%
SeaLink KI Ferries Pty Ltd	Australia	100.00%	100.00%
SeaLink Marina Pty Ltd	Australia	100.00%	100.00%
SeaLink Northern Territory Pty Ltd	Australia	100.00%	100.00%
SeaLink Queensland Pty Ltd	Australia	100.00%	100.00%
SeaLink Tasmania Pty Ltd	Australia	100.00%	100.00%
SeaLink Vessels Pty Ltd	Australia	100.00%	100.00%
Sita Bus Lines Pty Ltd	Australia	100.00%	–
Sita Coaches Pty Ltd	Australia	100.00%	–
Sita Tours Pty Ltd	Australia	100.00%	–
STG Properties Pty Ltd	Australia	100.00%	100.00%
Stradbroke Assets Pty Ltd	Australia	100.00%	100.00%
Stradbroke Ferries Pty Ltd	Australia	100.00%	100.00%
Sunferries Travel Pty Ltd	Australia	100.00%	100.00%
Swan Transit Canning Pty Ltd	Australia	100.00%	–
Swan Transit Group Pty Ltd	Australia	100.00%	–
Swan Transit Kalamunda Pty Ltd	Australia	100.00%	–
Swan Transit Marmion Pty Ltd	Australia	100.00%	–
Swan Transit Midland Pty Ltd	Australia	100.00%	–
Swan Transit Pty Ltd	Australia	100.00%	–
Swan Transit Services (South West) Pty Ltd	Australia	100.00%	–
Swan Transit Services (South) Pty Ltd	Australia	100.00%	–

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	2019 %
Swan Transit Services Pty Ltd	Australia	100.00%	–
Swan Transit South West Pty Ltd	Australia	100.00%	–
Swan Transit Southern River Pty Ltd	Australia	100.00%	–
Swan Transit Trust	Australia	100.00%	–
Territory Transit Holdings Pty Ltd	Australia	100.00%	–
Territory Transit Pty Ltd	Australia	100.00%	–
The Living Classroom Pty Ltd	Australia	100.00%	100.00%
The Port Jackson & Manly Steamship Company Pty Ltd	Australia	100.00%	–
The South Australian Travel Company Pty Ltd	Australia	100.00%	100.00%
Torrens Connect Pty Ltd	Australia	55.00%	–
Torrens Transit Group Pty Ltd	Australia	100.00%	–
Torrens Transit Pty Ltd	Australia	100.00%	–
Torrens Transit Services (North) Pty Ltd	Australia	100.00%	–
Torrens Transit Services Pty Ltd	Australia	100.00%	–
Torrens Transit Trust	Australia	100.00%	–
Tower Transit Asset Holdings Ltd	United Kingdom	100.00%	–
Tower Transit Europe Pty Ltd	Australia	100.00%	–
Tower Transit Group Ltd	United Kingdom	100.00%	–
Tower Transit Holdings USA Inc.	United States of America	100.00%	–
Tower Transit Ltd	United Kingdom	100.00%	–
Tower Transit Operations Ltd	United Kingdom	100.00%	–
Tower Transit Property Holdings Ltd	United Kingdom	100.00%	–
Tower Transit Singapore Pte Ltd	Singapore	100.00%	–
Tower Transit Training Singapore Pty Ltd	Australia	100.00%	–
Transit (NSW) Group Pty Ltd	Australia	100.00%	–
Transit (NSW) Liverpool Pty Ltd	Australia	100.00%	–
Transit (NSW) Services Pty Ltd	Australia	100.00%	–
Transit (NSW) Trust	Australia	100.00%	–
Transit Systems NSW Pty Ltd	Australia	100.00%	–
Transit Systems Pty Ltd	Australia	100.00%	–
Transit Systems WA Pty Ltd	Australia	100.00%	–
Transit Systems West Pty Ltd	Australia	100.00%	–
Transit Systems West Services Pty Ltd	Australia	100.00%	–
TravelLink Pty Ltd	Australia	100.00%	100.00%
TravelLink Technology Pty Ltd	Australia	100.00%	100.00%
TSA Ferry Group Pty Ltd	Australia	100.00%	100.00%
Vivonne Bay Outdoor Education Centre Pty Ltd	Australia	100.00%	100.00%
Vyscot Pty Ltd	Australia	100.00%	100.00%

NOTE 37 DEED OF CROSS GUARANTEE

The parent has entered into various cross-guarantees with its subsidiaries to support borrowings across the Group. Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, SeaLink Travel Group Limited and the following subsidiaries have entered into a Deed of Cross Guarantee on 3 June 2019: Kangaroo Island SeaLink Pty Ltd, Captain Cook Cruises Pty Ltd, SeaLink Queensland Pty Ltd, Curtis Island Assets Pty Ltd, Curtis Island Services Pty Ltd, TSA Ferry Group Pty Ltd, Stradbroke Ferries Pty Ltd, Stradbroke Assets Pty Ltd, Sealink Ferries Pty Ltd, KBRV Resort Operations Pty Ltd and SeaLink Fraser Island Pty Ltd. On 9 June 2020 the following subsidiaries entered into a deed of assumption and also became parties to that Deed of Cross Guarantee: Sita Bus Lines Pty Ltd, Sita Coaches Pty Ltd, Transit Systems Pty Ltd, Swan Transit Pty Ltd, Swan Transit Services Pty Ltd, Torrens Transit Pty Ltd, Torrens Transit Services Pty Ltd, Transit (NSW) Services Pty Ltd, Transit Systems West Pty Ltd, Transit Systems West Services Pty Ltd, Sita Tours Pty Ltd, Swan Transit Group Pty Ltd and Transit (NSW) Group Pty Ltd.

The effect of the deed is that SeaLink Travel Group Limited has guaranteed to pay any deficiency in the event of winding up any controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event SeaLink Travel Group Limited is wound up or it does not meet its obligations under the terms of the overdrafts, loans, leases or other liabilities subject to the guarantee.

In reliance on ASIC Corporations (Audit Relief) Instrument 2016/784, subsidiary companies in the closed group (as described above) that are also large proprietary companies have complied with the terms of that instrument and relied on it for relief from individual auditing requirements for those companies as separate entities.

The statement of profit or loss and other comprehensive income and statement of financial position are substantially the same as the consolidated entity and therefore have not been separately disclosed.

NOTE 38 EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

NOTE 39 RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	CONSOLIDATED 2020 $'000	2019 $'000
Profit/(loss) after income tax expense for the year	(13,572)	21,543
Adjustments for:		
Depreciation and amortisation	60,434	16,376
Impairment	10,797	–
Share-based payments	421	147
Net gain on disposal of non-current assets	(9)	(687)
Other revenue – non-cash	(1,395)	–
Foreign currency differences	(966)	–
Change in operating assets and liabilities:		
Decrease in trade and other receivables	19,087	110
Decrease/(increase) in inventories	1,247	(183)
Decrease in income tax refund due	5,684	650
Decrease/(increase) in deferred tax assets	213	(621)
Decrease/(increase) in prepayments	3,312	(2,263)
Decrease in other operating assets	489	1,637
Increase/(decrease) in trade and other payables	792	(232)
Increase in contract liabilities	321	505
Increase in derivative liabilities	1	–
Increase in provision for income tax	15,833	–
Decrease in deferred tax liabilities	(7,819)	(161)
Increase in employee benefits	4,209	1,201
Increase in other provisions	27,073	390
Increase/(decrease) in other operating liabilities	(36,093)	2,233
Net cash from operating activities	90,059	40,645

NOTE 40 EARNINGS PER SHARE

	CONSOLIDATED 2020 $'000	2019 $'000
Profit/(loss) after income tax attributable to the owners of SeaLink Travel Group Limited	(13,572)	21,543

	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	165,498,000	101,412,000
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	32,000	–
Performance rights	24,000	–
Weighted average number of ordinary shares used in calculating diluted earnings per share	165,554,000	101,412,000

	CENTS	CENTS
Basic earnings per share	(8.2)	21.2
Diluted earnings per share	(8.2)	21.2

NOTE 41 SHARE-BASED PAYMENTS

	CONSOLIDATED 2020 $'000	2019 $'000
Recognised share-based payment expenses		
Expense arising from performance rights issued in 2016	–	11
Expense arising from options issued in 2017	47	137
Expense arising from performance rights issued in 2020	421	–
	468	148

TYPES OF SHARE OPTION PLANS

Employee Share Option Plan "ESOP"
Share options are generally 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.

In November 2014, 200,000 share options were granted to an employee under the SeaLink Employee Option Plan. The exercise price of the options was $2.50 and the contractual life 5 years. The options vest after a period of 1 year as long as the senior employee is still employed on such date. The fair value of the share option granted was valued at $0.176 per share being $35,200, the cost being expensed over the vesting period.

In October 2016, 100,000 share options were granted to the Chair under the SeaLink Employee Option Plan. There were no performance related conditions attaching to the options. The options vest after a period of 3 years as long as the Chair remains in the role as Non-Executive Director. The fair value of the share option granted was valued at $4.11 per share being $411,000, the cost being expensed over the vesting period.

Employee Performance Rights "EPRP"
Performance rights are generally granted to senior executives with more than 12 months service. The EPRP is designed to align participants interests with those of shareholders. When a participant ceases employment prior to the vesting of their performance rights or where the performance hurdle is not met, the performance rights lapse. Should all conditions be met, one ordinary share is issued for each performance right at no consideration. The performance hurdle for the 2016 and 2017 issue is measured against a minimum share price quoted on the ASX. This future price hurdle targets a 10% compound growth rate from the share price at the date of issue of the performance rights.

For the 2020 EPR issue there are two tranches of Performance Rights with the following weighting:

a. 50% for earnings per share growth (Tranche 1).

b. 50% for Total Shareholder Return (TSR) measured against companies in the ASX 300 (Tranche 2).

For the 2020 Performance Rights to vest in total, SeaLink must achieve the following conditions:

Tranche 1 – a target compound annual growth rate (CAGR) of earnings per share (EPS) of 10% for the three-year measurement period, commencing 1 July 2019. A threshold CAGR over that three-year period of 10% will result in 50% of the Performance Rights vesting, with pro rata vesting for achievement for between 10% and 12% of CAGR for the three-year measurement period.

Tranche 2 – an Annualised Indexed TSR measured against the ASX300 Accumulation Index for the three-year measurement period, commencing 1 July 2019. A threshold annualised TSR over that three year period meeting the Index will result in 50% of the Performance Rights vesting, with pro rata vesting of the remaining remainder of the tranche for achievement up to 10% above the Index TSR for the three-year measurement period.

The amount recognised as an expense is only adjusted when performance rights do not vest due to non-market-related conditions.

The fair value of the performance rights granted is estimated at the date of grant using a custom binomial lattice pricing model, taking into account terms and conditions upon which the performance rights were granted.

EFFECTIVE DATE ISSUED	2016 ISSUE	2017 ISSUE	2020 ISSUE
Number of Performance Rights issued	85,000	45,000	299,130
Minimum hurdle share price	$3.20	$5.94	Nil
Dividend yield	3.35%	2.69%	3.30%
Expected volatility (as per valuation)	27.6%	29.4%	40.0%
Risk free interest rate	3.35%	1.61%	0.30%
Expected life (years)	3.0	3.0	2.0
Valuation per performance right (Tranche 1)	$0.618	$1.72	$3.303
Valuation per performance right (Tranche 2)	n/a	n/a	$4.227

Set out below are summaries of options granted under the plan:

	Number of options 2020	Weighted average exercise price 2020	Number of options 2019	Weighted average exercise price 2019
Outstanding at the beginning of the financial year	100	$1.67	300	$1.67
Exercised	(100)	$0.00	(200)	$0.00
Outstanding at the end of the financial year	–	$0.00	100	$0.00

	CONSOLIDATED	
	2020 $'000	2019 $'000
The outstanding balance is represented by		
Directors	–	100

100,000 ordinary shares were issued during the year as a result of conversion of share options (2019: Nil).

PERFORMANCE RIGHTS	Number ($000's) 2020	Weighted average exercise price 2020	Number ($000's) 2019	Weighted average exercise price 2019
Outstanding at the beginning of the year	190	n/a	265	n/a
Granted (under the Employee Share Option Plan)	299	$Nil	(75)	$Nil
Forfeited	(190)	$Nil	–	$Nil
Exercised	–	n/a	–	n/a
	299		190	

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/au

Independent Auditor's Report to the Members of SeaLink Travel Group limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of SeaLink Travel Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit and loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Acquisition of Transit Systems Group ('TSG')

Why significant	How our audit addressed the key audit matter
On 16 January 2020, SeaLink acquired the Transit Systems Group ('TSG') for $523.3 million. The acquisition resulted in the recognition of goodwill of $433.4 million after the allocation of the purchase price across the identifiable assets acquired and liabilities assumed. This preliminary allocation of the purchase price is based on estimated fair values for the assets acquired and liabilities assumed, and will be finalised within twelve months of the acquisition date. SeaLink engaged an independent expert to assist in the identification and valuation of the main tangible and intangible assets and liabilities of TSG. We considered that this was a key audit matter given the significance of the transaction and the level of judgment exercised by the Group to identify the acquired assets and liabilities and to assess their fair values.	Our audit procedures included the following: • With the assistance of our valuation specialists we assessed whether the methodologies used by the Group for the estimation of the fair value of assets acquired and liabilities assumed are in accordance with the requirements of Australian Accounting Standards and tested the mathematical accuracy of those models. • With the assistance of our valuation specialists, we assessed the key inputs and assumptions used in the fair value determination prepared by the Group with assistance from their third-party valuation experts. • We assessed the competence, qualifications and objectivity of the third party valuation experts used by the Group. • With the assistance of our tax specialists, we assessed the provisional deferred tax balances recorded by the Group. • In relation to the fair value attributed to buses, which forms part of the acquired property, plant and equipment, our valuation experts considered the valuation. • With respect to the deferred consideration arrangements, we analysed the contractual agreements and considered how the conditions were reflected in the valuation of the estimated earn-out liabilities. • Furthermore, we assessed the adequacy of the disclosures in Note 35 to the Financial Statements.

Goodwill Impairment

Why significant	How our audit addressed the key audit matter
SeaLink holds a significant amount of goodwill and other intangible assets. As stated in Note 13 to the financial statements, the carrying value of goodwill and other intangible assets are tested annually for impairment. SeaLink performed its annual impairment test in the fourth quarter of 2020 and determined the recoverable amount of its individual cash generating units (CGUs) to which the goodwill was allocated, on a value in use basis. The Group's impairment assessment resulted in an impairment charge against goodwill of $4 million in relation to the Fraser Island CGU. Procedures over the annual impairment test were significant to our audit because the assessment process requires estimates. Key assumptions relating to the impairment test are disclosed in Note 13 to the consolidated financial statements. The Group uses assumptions in respect of future market and economic conditions such as economic growth, expected inflation rates, demographic developments, revenue and margin development. At 30 June 2020 the Group's performance, the tourism industry and the economy as a whole were impacted by the restrictions and economic uncertainty resulting from the COVID-19 pandemic, with significant impact to date and unpredictable impact on the tourism industry. Significant assumptions used in the impairment testing referred to above, such as the continuing impact of COVID-19 on the tourism industry are inherently subjective and in times of economic uncertainty the degree of subjectivity is higher than it might otherwise be. Changes in certain assumptions can lead to significant changes in the recoverable amount of these assets. In this situation the disclosures in the financial report provide particularly important information about the assumptions made in the impairment testing and the market conditions at 30 June 2020. As a result, we consider the impairment testing of goodwill and other intangible assets and the related disclosures in the financial report to be particularly significant to our audit. For the same reasons we consider it important that attention is drawn to the information in Note 13.	Our audit procedures included the following: • We agreed the projected cash flows for 2020 used in the impairment model to Board approved budgets. • We tested the mathematical accuracy of the cash flow models. • We evaluated management's key assumptions by analysing the extent to which the outcome of the impairment test is most sensitive and assessed the historical accuracy of management's estimates. • We involved our valuation specialists to assess the discount rate, growth rates and terminal values used in the model for the identified higher risk cash generating units (CGUs). This included an assessment of the assumptions regarding recovery from COVID-19 by management. • We compared the recoverable amount calculated within the value in use models to the carrying value recorded at 30 June 2020 and agreed the calculated impairment expense of $4 million to the financial statements. • We considered the relationship between market capitalisation and net assets of the Group. • We considered multiple sensitivities over the forecasts and key estimates for the higher risk CGUs, including possible changes in growth rates, discount rates and budget accuracy. • We considered the recoverability of the provisional goodwill recorded in relation to the Transit Systems Group acquisition. • Furthermore, we assessed the adequacy of the disclosures in Note 13 to the financial statements.

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Vessel Valuation

Why significant	How our audit addressed the key audit matter
The accounting for vessels has a significant impact on the Group's financial statements due to the cumulative value of the vessels and the long-lived nature of these assets. The Group carries owned ferries at cost less accumulated depreciation and any accumulated impairment losses. The determination of the useful lives and residual values of the vessels and the determination of components of vessels requires judgment to be exercised by the Group. The carrying values of these assets are reviewed annually for potential indicators of impairment and where indicators are identified an impairment assessment is performed. This resulted in an impairment expense of $6.7 million in the current year. This was considered a key audit matter due to the value of vessels relative to total assets. In FY20 the COVID-19 pandemic has been highly disruptive to vessel operations due to the strict restrictions on tourism and travel, which increased our attention to the recoverability of the vessels. Key assumptions relating to the vessels are disclosed in Note 1 and 12 to the financial statements.	Our audit procedures included the following: • We analysed the performance of each vessel to determine whether any indications of impairment were present. • We assessed the recorded depreciation for each vessel taking into account remaining useful life and the expected residual value determined by SeaLink. • We assessed the residual values of vessels through consideration of the Group's evaluation of market information for similar assets. • We involved our valuation specialists to assess the carrying value of the vessels and to review the valuation methodology and the potential impact of the COVID-19 pandemic on the individual vessel values. • We analysed the planned and actual utilisation of each vessel and assessed the impact of customer contracts associated with the planned usage of individual vessels. • We assessed the competence, capability and objectivity of the management expert used by the Group and evaluated the appropriateness of his work to support the recorded valuations. • We agreed the calculated impairment expense of $6.7 million to the consolidated financial statements. • Furthermore, we assessed the adequacy of the disclosures in Note 1 and 12 to financial statements.

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of SeaLink Travel Group Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Ernst + Young

Ernst & Young

David Sanders
Partner
Adelaide
31 August 2020

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/au

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

As lead auditor for the audit of the financial report SeaLink Travel Group Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of SeaLink Travel Group Limited and the entities it controlled during the financial year.

Ernst + Young

Ernst & Young

David Sanders
Partner
Adelaide
31 August 2020

This Remuneration Report forms part of the Directors' Report and sets out the remuneration framework and arrangements of SeaLink Travel Group Limited ('Group' or 'SeaLink') for the Key Management Personnel (KMP) of the consolidated entity, for the purposes of the *Corporations Act 2001* and Accounting Standards for the financial year ended 30 June 2020.

This information has been audited as required by Section 308 (3A) of the *Corporations Act 2001*.

Table of Contents:

1. Key Management Personnel (KMP)
2. Remuneration Governance
3. Remuneration Framework and Details of KMP
4. Executive KMP Contracts
5. Overview of Financial Performance
6. Options, Shareholdings and Performance Rights of KMP

1. KEY MANAGEMENT PERSONNEL (KMP)

The KMP for the purposes of this Report are those Executives having the authority and responsibility for planning, directing and controlling major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of SeaLink. The term Executive includes the Group Chief Executive Officer and other Senior Executives of the Group. Following the acquisition of Transit Systems Group on 16 January 2020, the KMP have been reviewed and are set out in the table below.

TABLE 1.1: KMP FROM 1 JULY 2019 TO 30 JUNE 2020

NON-EXECUTIVE DIRECTORS (NEDs)		
A McEvoy	Chair	Retired 30 June 2020
T Dodd	Non-Executive Director	
C Smerdon	Non-Executive Director	
A Staines	Non-Executive Director	
F Hele	Non-Executive Director	
N Smith	Non-Executive Director	Appointed 16 January 2020
EXECUTIVE DIRECTOR		
J Ellison *	CEO and Managing Director	Retired as CEO 16 January 2020
	Deputy Chair and Non-Executive Director	Appointed Deputy Chair 26 February 2020
CEO & SENIOR EXECUTIVES		
C Feuerherdt	Group Chief Executive Officer	Appointed 16 January 2020
A Muir	Chief Financial Officer & Joint SeaLink Secretary	
G Legh	Chief Development Officer	Appointed 16 January 2020
C Beaumont	Chief Operating Officer – International	Appointed 16 January 2020
W Toh	Managing Director – Singapore	Appointed 16 January 2020
D Gauci	Chief Operating Officer – Marine and Tourism	
P Victory**	General Manager – Growth and Innovation	Ceased as KMP 16 January 2020
C Benson**	Chief Information Officer	Ceased as KMP 16 January 2020
J McDonald**	General Counsel & Joint SeaLink Secretary	Ceased as KMP 16 January 2020
B Martlew**	Chief People Officer	Ceased as KMP 16 January 2020
M Niemann**	General Manager, Marine Fleet	Ceased as KMP 16 January 2020

** became a NED on 17 February 2020, ** Classification of KMP's revised following Transit Systems Group acquisition on 16 January 2020*

2. REMUNERATION GOVERNANCE

The Remuneration and Nomination Committee was comprised of three independent NEDs and chaired by an independent NED.

The Remuneration and Nomination Committee had responsibility throughout the reporting period for supporting and advising the Board of Directors of SeaLink Travel Group Limited ("the Board") on remuneration practices and implementation for Directors and Executives and required to make recommendations to the Board on these matters. Specifically, the Board approves the remuneration arrangements of the Group Chief Executive Officer and direct reports to the CEO, following a recommendation from the Committee.

The Board also sets the remuneration of all NEDs, which is subject to shareholder approval of the total maximum aggregate remuneration amount per annum for NEDs.

The Remuneration and Nomination Committee met regularly throughout the year. The Group Chief Executive Officer (and previously the Managing Director) attends certain Committee meetings by invitation, where Management input is required. However, the Group Chief Executive Officer (and previously the Managing Director) is not present during discussions related to their own remuneration arrangements.

During the financial year ended 30 June 2020, SeaLink, through the Remuneration and Nomination Committee, engaged Godfrey Remuneration Group (GRG), remuneration consultants, to review its existing remuneration strategy and framework and provide recommendations on how to improve the short and long term incentive programs. GRG were paid $16,500 for the work undertaken. During July 2020, the Remuneration and Nomination Committee was renamed as the People, Culture and Remuneration Committee with consequential changes to its responsibilities. As remuneration matters during the whole of the financial year the subject of this report were the responsibility of the Remuneration and Nomination Committee, this report refers to the Committee by that name.

3. REMUNERATION FRAMEWORK AND DETAILS OF KMP

REMUNERATION FRAMEWORK AND DETAILS FOR NEDs

(i) Objectives

The key objectives of SeaLink's NED Remuneration Framework are to:

- secure and retain talented and qualified Directors – fee levels are set with regard to time commitment and workload, experience and expertise, risk and responsibility of the role, and market benchmarking of listed companies with a similar market capitalisation;
- promote independence and impartiality – fee levels do not vary according to the performance of the Group; and
- align Director and shareholder interests – SeaLink encourages its NEDs to build a long-term stake in the Group and Directors can acquire shares through acquisition on market during trading windows.

(ii) Details

NEDs fees are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure NED fees and payments are appropriate and in line with the market.

NEDs do not receive share options, other incentives or retirement benefits and there are no additional fees for chairing or serving on a sub-committee of the Board.

NEDs are entitled to be reimbursed for all business-related expenses.

The remuneration of NEDs consists of Director fees, inclusive of statutory superannuation, which are currently set as follows, on an annualised basis.

- The Chair receives $220,000;
- The Deputy Chair role, in existence from 1 March 2020 to 30 June 2020, received fees based on $150,000 per annum; and
- All other NEDs receive $120,000.

No increase in NED fees is proposed for FY2021.

With effect from 26 February 2020, the Board appointed Jeffrey Ellison, former CEO and Managing Director, to the position of Deputy Chair. Mr Ellison was appointed Acting Chair with effect from 1 July 2020.

In accordance with SeaLink's Constitution and ASX listing rules, the aggregate amount paid to all NEDs must not exceed the maximum determined by shareholders in a General Meeting. The most recent determination of the maximum aggregate remuneration ('pool') for NEDs was at the General Meeting of shareholders held on 18 December 2019, where the shareholders approved a pool of $1.25 million.

In light of current global events in relation to the impact of COVID-19, NEDs volunteered to take a reduction of 20% in their remuneration for the three-month period 1 April 2020 to 30 June 2020 and this is reflected in Table 3.1 below.

TABLE 3.1: NED REMUNERATION FOR THE YEARS ENDED 30 JUNE 2019 AND 30 JUNE 2020

NON-EXECUTIVE DIRECTOR	YEAR	DIRECTOR FEE	SHORT TERM INCENTIVE	NON-MONETARY BENEFITS	OTHER	SUPER	LONG TERM BENEFIT LSL	PERFORM. RIGHTS/ OPTIONS	TOTAL
A McEvoy	2020	148,118	–	–	–	14,071	–	45,667	207,856
	2019	136,577	–	–	–	12,975	–	137,000	286,552
A Staines	2020	76,307	–	–	–	7,249	–	–	83,556
	2019	68,288	–	–	–	6,487	–	–	74,775
C Smerdon	2020	76,307	–	–	–	7,249	–	–	83,556
	2019	68,288	–	–	–	6,487	–	–	74,775
T Dodd	2020	76,307	–	–	–	7,249	–	–	83,556
	2019	68,288	–	–	–	6,487	–	–	74,775
F Hele	2020	76,307	–	–	–	7,249	–	–	83,556
	2019	68,288	–	–	–	6,487	–	–	74,775
J Ellison*	2020	36,401	–	–	–	3,458	–	–	39,859
	2019	–	–	–	–	–	–	–	–
N Smith**	2020	45,391	–	–	–	–	–	–	45,391
	2019	–	–	–	–	–	–	–	–

* Became a NED on 17 February 2020; **Appointed 16 January 2020

REMUNERATION FRAMEWORK AND DETAILS FOR EXECUTIVES

(i) Objectives

SeaLink's approach to remunerating and rewarding Executives ensures that:

- Remuneration is at levels that are competitive with market rates to attract, motivate and retain high calibre candidates;
- Parity exists for similar roles to maintain stability within the Executive group; and
- Executives are incentivised to drive and sustain long term growth and increase shareholder value.

The objective of SeaLink's Executive Remuneration Framework is to ensure it aligns Executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board ensures that Executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage / alignment of Executive compensation; and
- Transparency.

The reward framework for Executives is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of the reward framework design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

(ii) Components

The Executive remuneration and reward framework has three components:

- fixed remuneration;
- short-term performance incentives (STI); and
- long-term performance incentives

The combination of these comprises the Executive's total remuneration.

SeaLink does not adopt a philosophy of excessive "at risk components" for Executive remuneration and, while it is encouraged, there is no requirement for KMP to hold shares in SeaLink.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually by the Remuneration and Nomination Committee on behalf of the Board. This is based on individual responsibility and contribution, business unit performance, the overall performance of the consolidated entity and comparable market remuneration taking into account the scale of SeaLink's business and responsibilities. Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to SeaLink and provides additional value to the Executive.

The short-term performance incentives ('STI') program is designed to align the targets of SeaLink and operating business units with the performance hurdles of Executives. STI payments are granted to Executives based on specific annual financial and operational targets and key performance indicators ('KPI's') being achieved include stretch targets and both financial and non-financial goals. These are chosen to drive outcomes and behaviours that support the safe operation and delivery of SeaLink's objectives and lead to long term growth in shareholder value. KPI's include financial and operational performance, safety, customer satisfaction and leadership contribution to achieve the overall Group strategic goals and values. STI payments are "at-risk" cash components paid to KMPs when agreed stretch targets have been met, they are discretionary and do not form part of the employment contract.

To align the interests of Executives with the creation of long-term shareholder value, SeaLink generally awards its longterm incentives (LTI) as Performance Rights (PR). PRs are granted at no cost to the Executive and only vest if SeaLink meets a number of performance hurdles. If a KMP resigns before the PR has vested then any unvested rights are forfeited, unless and to the extent otherwise determined by the Board. The LTI plan is discretionary and does not form part of the employment contract. Vesting conditions for rights are determined by the Board annually as part of each invitation with the conditions selected for PR being intended to create alignment with indicators of shareholder value creation over the measurement period.

The SeaLink LTI Rights Plan was approved by shareholders at the October 2019 Annual General Meeting and a summary can be found in the SeaLink 2019 AGM Notice of Meeting refer: https://www.sealinktravelgroup.com.au/investor-centre/company-reporting/

TABLE 3.2: EXECUTIVE KMP REMUNERATION FOR THE YEARS ENDED 30 JUNE 2019 AND 30 JUNE 2020

EXECUTIVE	YEAR	SALARY	SHORT TERM INCENTIVE	NON-MONETARY BENEFITS	OTHER	SUPER	LONG TERM BENEFIT LSL	PERFORM. RIGHTS	TOTAL
J Ellison ***	2020	558,893	650,000	–	2,882	19,378	7,350	–	1,238,503
	2019	526,547	68,629	–	1,770	23,000	19,735	–	639,681
C Feuerherdt **	2020	299,757	504,000	23,781	787	7,990	69,307	196,272	1,101,894
	2019	–	–	–	–	–	–	–	–
D Gauci	2020	353,299	34,000	–	–	25,000	7,948	26,693	446,940
	2019	297,057	31,933	–	–	25,000	21,956	515	376,461
C Beaumont **	2020	165,486	43,660	–	–	9,929	–	–	219,075
	2019	–	–	–	–	–	–	–	–
A Muir	2020	311,360	246,400	–	–	25,432	4,400	40,040	627,631
	2019	300,269	22,500	–	–	25,017	2,802	–	350,588
G Legh **	2020	197,880	175,000	14,690	–	5,251	34,666	98,136	525,623
	2019	–	–	–	–	–	–	–	–
W Toh **	2020	222,427	64,521	–	–	13,191	–	–	300,139
	2019	–	–	–	–	–	–	–	–
P Victory*	2020	119,290	–	–	–	11,258	3,655	–	134,203
	2019	202,827	12,179	–	–	19,568	8,112	515	243,201
C Benson *	2020	120,577	–	–	–	11,269	1,161	–	133,097
	2019	195,000	4,875	–	–	18,525	497	–	218,897
J McDonald *	2020	111,731	–	–	–	10,951	516	7,654	130,852
	2019	168,269	8,750	–	–	15,986	211	–	193,215
B Martlew *	2020	95,731	–	–	–	9,546	3,156	6,614	115,047
	2019	129,808	5,200	–	–	12,332	3,348	–	150,688
M Niemann *	2020	113,382	–	–	–	11,003	3,813	–	128,198
	2019	192,782	6,270	–	–	18,527	10,188	343	228,110

* Ceased as KMP 16 January 2020; ** Became KMP on 16 January 2020 following Transit Systems Group acquisition; *** Ceased to be an Executive 16 February 2020

SHORT TERM PERFORMANCE INCENTIVES

SeaLink measures key performance indicators (KPI) covering financial and non-financial measures, at both Group and business unit levels. For each KPI, a target and stretch objective is set.

Group Net Profit After Tax (NPAT) and business unit Earnings Before Interest and Tax (EBIT) are the primary financial measures against which management and the Board assess the short-term financial performance of the Group.

For KMP, STI remuneration paid varies by Executive depending on the influence on the Group and the Business Unit, achievement of defined business goals, achievement of specific Business Unit EBIT targets as well as the extent to which the Group achieved the Board-approved budget for the year.

TABLE 3.3: SHORT-TERM OBJECTIVES FOR STIs AND THEIR RATIONALE

Individual KMP goals reflect their position and may include the following:

	MEASURE	REASON CHOSEN
FINANCIAL		
up to 70% depending on role	Achieve target Group net profit after tax (NPAT) including stretch target;	Included to deliver improved earnings performance for the business at the Group level, which aligns with shareholder interests
up to 30% depending on role	Achieve target business unit earnings before interest and tax (EBIT) including stretch target	Included to deliver improved earnings performance for the Group at the individual business unit level, which aligns with shareholder interests
BUSINESS UNIT STRATEGIC GOALS INCLUDE		
up to 30% depending on role	Delivery of Development Pipeline	Key driver of future growth
	Safety	Company committed to providing a workplace without injury or illness
	Environmental	Manage the impact of business on the environment
	Leadership & Culture	People are the core of SeaLink's business. Develop the capability of our employees
	Strategic Plan Priorities	Focus on increasing the value of the Company's core asset portfolio through delivery of commercial, operational and efficiency improvements, which aligns with shareholder interests

TABLE 3.4: STI REMUNERATION PAYABLE TO KMP FOR THE CURRENT REPORTING PERIOD

EXECUTIVE	STI REMUNERATION AT RISK (MAXIMUM)	ACHIEVEMENT OF GOALS	DISCRETIONARY STI	TOTAL STI PAYABLE
J Ellison	$650,000	• Contractual commitment – retention related	–	$650,000
C Feuerherdt	$800,000	• Met 82.5% of KPI's in relation to integration of Transit Systems Group into SeaLink including safety, accounting, synergies and culture • Discretionary payment in recognition of response to COVID-19 pandemic	$240,000	$504,000
G Legh	$250,000	• Discretionary payment in recognition of contract renewals and contract wins	$175,000	$175,000
A Muir	$277,000	• Met 100% of KPI's in relation to acquisition of Transit Systems Group • Met 80% of KPIs in relation to finance function strategic objectives • Discretionary payment in recognition of response to COVID-19 pandemic	$30,600	$246,400
D Gauci	$68,000	• Met 60% of KPI's in relation to business unit strategic objectives • Discretionary payment in recognition of response to COVID-19 pandemic	$13,600	$34,000
C Beaumont	$57,245	• Met KPI's in relation to strategic objectives • Discretionary payment in recognition of response to COVID-19 pandemic	$43,660	$43,660
W Toh	$64,521	• Met 100% of KPI's in relation to Financial objectives • Met 100% of KPI's in relation to business unit strategic objectives	–	$64,521

* Discretionary amount assessed based on revised objectives for part of the year as a result of COVID-19 impacts

4. EXECUTIVE KMP CONTRACTS

GROUP CHIEF EXECUTIVE OFFICER

On 16 January 2020, Mr Clint Feuerherdt was appointed to the position of Group Chief Executive Officer following the acquisition of Transit Systems Group. Under his employment contract, Mr Feuerherdt receives a total fixed remuneration package of $800,000 per annum (including salary and superannuation) for his position as Group CEO of SeaLink.

Mr Feuerherdt is also eligible to participate in short term incentives and long-term incentives which are reviewed annually and may be changed or withdrawn at the discretion of the Board. For the reporting period Mr Feuerherdt was eligible for a maximum STI performance bonus for the reporting period of up to 100% of annual salary. The actual performance bonus paid is conditional on:

- SeaLink Travel Group achieving Group budget NPAT;
- SeaLink Travel Group exceeding Group budgeted NPAT on a sliding scale up to 15%; and
- Achieving specifically defined Key Performance Indicators.

In addition, Mr Feuerherdt was granted a LTI for the reporting period of 156,392 PR under SeaLink's LTI Rights Plan.

Mr Feuerherdt's remuneration package including incentives is reviewed on an annual basis.

In light of current global events in relation to the impact of COVID-19, the CEO volunteered to take a reduction in his remuneration of 20% for the three-month period 1 April 2020 to 30 June 2020. This is reflected in the remuneration reported in Table 3.2.

OTHER EXECUTIVE KMP

Remuneration arrangements for all other KMP are formalised in individual employment contracts.

TABLE 4.1: STANDARD KMP TERMINATION CONDITIONS

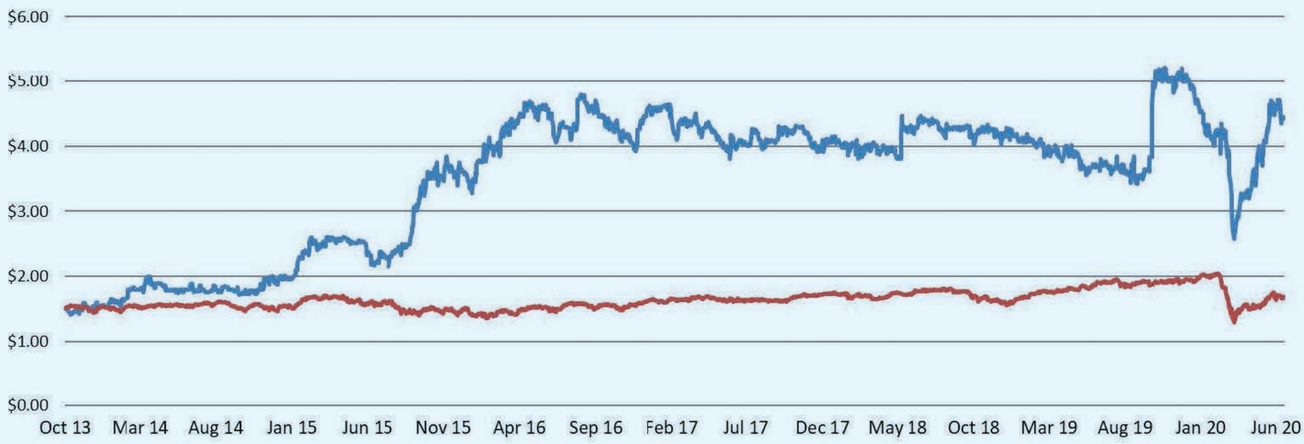
	NOTICE PERIOD	PAYMENT IN LIEU OF NOTICE	TREATMENT OF STI ON TERMINATION	TREATMENT OF LTI ON TERMINATION
Resignation	8 weeks or 12 weeks	8 weeks or 12 weeks	Unvested awards forfeited	Unvested awards forfeited
Termination for cause	None	None	Unvested awards forfeited	Unvested awards forfeited
Termination in cases of death, disablement, redundancy or notice without cause	4 weeks or 8 weeks	4 weeks or 8 weeks	Subject to Board discretion	Subject to Board discretion

5. OVERVIEW OF FINANCIAL PERFORMANCE

TABLE 5.1: SEALINK'S FINANCIAL PERFORMANCE AS MEASURED BY NET PROFIT AFTER TAX (NPAT) FROM CONTINUING OPERATIONS, EARNINGS PER SHARE, GROSS DIVIDENDS PAID, DIVIDEND PAID PER SHARE AND SHARE PRICE AT YEAR END

	30 JUNE 2015 $'000	30 JUNE 2016 $'000	30 JUNE 2017 $'000	30 JUNE 2018 $'000	30 JUNE 2019 $'000	30 JUNE 2020 $'000
Revenue	111,748	177,459	201,407	209,436	251,388	646,512
NPAT	9,349	22,349	23,832	19,565	21,543	(13,572)
Gross Dividend paid	5,761	7,624	13,654	14,667	15,214	18,080
Earnings per share (cents)	12.6	23.6	23.6	19.3	21.3	(8.2)
Dividend paid per share (cents)	7.8	12.0	14.0	14.5	15.0	11.0
Share Price ($)	2.19	4.08	4.07	4.43	3.81	4.42

TABLE 5.2: SEALINK'S SHARE PRICE PERFORMANCE SINCE IT WAS LISTED RELATIVE TO S&P ASX300:



The Compound Annual Growth Rate (CAGR) of SeaLink's share price during the 2013-2020 period was 17.57% compared with the CAGR of the S&P ASX 300 which was 4.08%.

6. OPTIONS, SHAREHOLDINGS AND PERFORMANCE RIGHTS OF KMP

TABLE 6.1: OPTIONS HELD BY KMP IN PREVIOUS AND CURRENT REPORTING YEARS:

YEAR END 30/06/2019	BALANCE 01/07/2018	GRANT DATE	AWARDED/ (FORFEITED)	EXERCISED	BALANCE 30/06/2019	FAIR VALUE PER OPTION AT AWARD DATE	EXPIRY DATE	INTRINSIC VALUE OF OPTIONS EXERCISED/ SOLD
DIRECTORS								
A McEvoy	100,000	25/10/2016	–	–	100,000	$4.11	26/10/2019	–
Total	**100,000**		**–**	**–**	**100,000**	**–**		**–**

YEAR END 30/06/2020	BALANCE 01/07/2019	GRANT DATE	AWARDED/ (FORFEITED)	EXERCISED	BALANCE 30/06/2020	FAIR VALUE PER OPTION AT AWARD DATE	EXPIRY DATE	INTRINSIC VALUE OF OPTIONS EXERCISED/ SOLD
DIRECTORS								
A McEvoy	100,000	25/10/2016	100,000	26/10/2019	–	$ 4.11	–	$411,000
Total	**100,000**	**–**	**100,000**	**–**	**–**	**–**	**–**	**$411,000**

TABLE 6.2: SHAREHOLDINGS HELD BY KMP IN PREVIOUS AND CURRENT REPORTING YEARS

YEAR END 30/06/2019	BALANCE 01/07/2018	EXERCISE OF OPTIONS	ACQUIRED/ (SOLD)	BALANCE 30/06/2019	AMOUNT PAID PER SHARE ON OPTION EXERCISE
DIRECTORS					
A McEvoy	19,579	–	–	19,579	–
J Ellison	5,524,769	–	–	5,524,769	–
T Dodd	5,035,990	–	(249,412)	4,786,578	–
F Hele	10,000	–	–	10,000	–
A Staines	–	–	–	–	–
C Smerdon	6,104,500	–	–	6,104,500	–
OTHER KEY MANAGEMENT PERSONNEL					
D Gauci	10,000	–	8,000	18,000	–
A Muir	–	–	–	–	–
P Victory	59,889	–	17,236	77,125	–
C Benson	–	–	9,324	9,324	–
J McDonald	–	–	–	–	–
B Martlew	4,500	–	–	4,500	–
M Niemann	–	–	10,000	10,000	–
Total	**16,769,227**	**–**	**(204,852)**	**16,564,375**	**–**

YEAR END 30/06/2020	BALANCE 01/07/2019	EXERCISE OF OPTIONS	ACQUIRED/ (SOLD)	BALANCE 30/06/2020#	AMOUNT PAID PER SHARE ON OPTION EXERCISE
DIRECTORS					
A McEvoy	19,579	100,000	17,326	136,905	–
J Ellison	5,524,769	–	225,000	5,749,769	–
T Dodd	4,786,578	–	1,000,000	5,786,578	–
F Hele	10,000	–	18,172	28,172	–
A Staines	–	–	–	–	–
N Smith	–	–	33,444,556	33,444,556	–
C Smerdon	6,104,500	–	382,375	6,486,875	–
OTHER KEY MANAGEMENT PERSONNEL					
C Feuerherdt	–	–	5,744,171	5,744,171	–
D Gauci	18,000	–	13,250	31,250	–
C Beaumont **	–	–	223,418	223,418	–
A Muir	–	–	100,000	100,000	–
G Legh **	–	–	40,000	40,000	–
W Toh **	–	–	30,000	30,000	–
P Victory *	77,125	–	32,010	109,135	–
C Benson *	9,324	–	9,461	18,785	–
J McDonald *	–	–	6,000	6,000	–
B Martlew *	4,500	–	–	4,500	–
M Niemann *	10,000	–	2,500	12,500	–
Total	**16,564,375**	**100,000**	**41,288,239**	**57,952,614**	**–**

*Ceased to be KMP on 16 January 2020; ** Became a KMP on 16 January 2020

The balance reflects the number of shares held as at 30 June 2020 or the date on which the Executive ceased to hold the KMP position. Refer to Section 1 for further information.

All equity transactions with KMP have been entered into under terms and conditions no more favourable than those SeaLink would have adopted if dealing on an arm's length basis.

TABLE 6.3

Performance Rights (PR) are generally granted to Senior Executives as part of a LTI plan. When a participant ceases employment prior to the vesting of their PR or where the performance hurdle is not met, the PR are forfeited, unless and to the extent that the Board determines otherwise. Should all conditions be met, one Ordinary Share is issued for each PR at no consideration.

There were 299,130 PR issued in the 12-month period to 30 June 2020.

At 30 June 2020, 287,761 PR to KMP remained outstanding. In addition to the above, 11,369 PR (2019: Nil) were held by senior staff.

Table 6.3 The following Performance Rights have been issued to KMP:

KEY MANAGEMENT PERSONNEL	BALANCE 01/07/2019	AWARDED/ (FORFEITED)	BALANCE 30/06/2020	HURDLE PRICE	ISSUE DATE	FAIR VALUE PER PERF. RIGHT AT AWARD DATE	VESTING DATE
DIRECTORS							
J Ellison	160,000	(160,000)	–		25/10/2016	$4.11	25/10/2019
A Muir	15,000	(15,000)	–	$6.08	09/01/2017	$1.72	07/01/2020
C Feuerherdt	–	156,392	156,392	*	12/06/2020	$3.77	31/08/2022
A Muir	–	31,904	31,904	*	12/06/2020	$3.77	31/08/2022
G Legh	–	78,196	78,196	*	12/06/2020	$3.77	31/08/2022
D Gauci	–	21,269	21,269	*	12/06/2020	$3.77	31/08/2022

** The plan under which the Performance Rights were granted was approved at the SeaLink AGM in October 2019 and under that plan the rights have conditions as follows:*

1) *Executive must remain in continuous employment with SeaLink until the third anniversary of the date of grant of the Performance Rights; and*
2) *There are two tranches of Performance Rights with the following weighting:*
   a. *50% for earnings per share growth.*
   b. *50% for Total Shareholder Return (TSR) measured against companies in the ASX 300.*
3) *For the Performance Rights to vest in total, SeaLink must achieve the following conditions for each tranche:*
   a. *A target compound annual growth rate (CAGR) of earnings per share (EPS) of 10% for the three-year measurement period, commencing 1 July 2019.*
      A threshold CAGR over that three-year period of 10% will result in 50% of the Performance Rights vesting, with pro rata vesting for achievement for between 10% and 12% of CAGR for the three-year measurement period.
   b. *An Annualised Indexed TSR measured against the ASX300 Accumulation Index for the three-year measurement period, commencing 1 July 2019.*
      A threshold annualised TSR over that three year period meeting the Index will result in 50% of the Performance Rights vesting, with pro rata vesting of the remaining remainder of the tranche for achievement up to 10% above the Index TSR for the three-year measurement period.

Disclosures required in the remuneration report by the Corporations Act, particularly the inclusion of accounting values for LTI performance rights awarded but not vested, can vary significantly from the remuneration actually paid to senior executives. This is because the accounting standards require a value to be placed on a right at the time it is granted to a senior executive and then reported as remuneration even if ultimately the senior executive does not receive any actual value, for example, because performance conditions are not met and the rights do not vest.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

Andrea Staines

Andrea Staines OAM
Chair, Remuneration & Nomination Committee
SeaLink Travel Group Limited
Adelaide
Date: 31 August 2020

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 37 to the financial statements.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*. On behalf of the directors

Jeffrey R Ellison
Chair
31 August 2020

ASX

ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as of 31 August 2020.

A DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

218,399,048 fully paid ordinary shares are held by 3,404 individual shareholders. All issued ordinary shares carry one vote per share and carry the right to dividends.

72,869,945 of these fully paid ordinary shares are subject to voluntary escrow arrangements whereby half of those shares are subject to voluntary escrow until 15 January 2021 and the other half are subject to voluntary escrow until 15 January 2022 (both dates inclusive).

(ii) Performance Rights

299,130 performance rights are held by six employees of the Company. Pursuant to the Rules of the SeaLink Rights Plan, performance rights do not carry voting or dividend entitlements. Shares issued when performance rights vest rank equally with fully paid ordinary shares.

The number of holders of equity securities, by size of holding, in each class are:

	FULLY PAID ORDINARY SHARES			PERFORMANCE RIGHTS		
HOLDING RANGES	NUMBER OF HOLDERS	NUMBER OF SECURITIES	% OF CLASS	NUMBER OF HOLDERS	NUMBER OF SECURITIES	% OF CLASS
1–1,000	925	344,279	0.158	0	0	0
1,001–5,000	1,198	3,391,950	1.553	0	0	0
5,001–10,000	603	4,481,146	2.052	2	11,369	3.800
10,001–100,000	601	13,891,207	6.360	3	131,369	43.917
100,001 and over	77	196,290,466	89.877	1	156,392	52.282
Total	**3,404**	**218,399,048**	**100**	**6**	**299,130**	**100**
Holdings less than a marketable parcel (based on a closing price of $4.75 on 31 August 2020)	191	1692	(0.0008)	N/A	N/A	N/A

B SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as disclosed by notices received by the Company as at 31 August 2020

SUBSTANTIAL SHAREHOLDERS^	NUMBER OF VOTING SHARES IN WHICH THE SUBSTANTIAL HOLDER OR AN ASSOCIATE HAD A RELEVANT INTEREST AS THE DATE OF NOTICE	DATE OF NOTICE
ASSOCIATED SCRIP VENDORS^^	72,127,329	16/01/2020
SEALINK TRAVEL GROUP LIMITED AND ITS SUBSIDIARIES^^	72,869,945	16/01/2020

^ Sarto Pty Ltd provided a notice on 21/06/2019 stating that it had a relevant interest in 5,331,000 voting shares.
No notice of ceasing to be a substantial holder has been received from Sarto Pty Ltd as at 31/08/2020. However, as at 31/08/2020 Sarto Pty Ltd and associate held a relevant interest of approximately 3.0% based on details of the previous notice and accordingly has not been listed a substantial holder in the table above.

^^ As at 16 January 2020,

- *the Associated Scrip Vendors held approximately 33% of the Company's voting shares. The details of the Associated Scrip Vendors are listed in the Form 603 (Notice of initial substantial holder) released to the ASX on 17/01/2020;*
- *the registered holders of the voting shares in which the Associated Scrip Vendors had a relevant interest were: (i) Leishman Australia Pty Ltd as trustee for the Leishman Enterprises Trust; (ii) Finchton Enterprises Pty Ltd as trustee for the Leishman Family Trust No 2; (iii) Windfury Pty Ltd as trustee for the Cleveland Transport Trust; (iv) Pacific Transit Pty Limited as trustee for the Pacific Transit Trust; (v) Accuro Trustees (Jersey) Ltd as trustee for the Inubia Paulista Trust; and (vi) Smith Feuerherdt Holdings Pty Ltd as trustee for the Rubicon Trust. Those entities were issued shares by the Company as consideration for the purchase of the Transit Systems Group as announced by SeaLink on 8 October 2019; and*
- *SeaLink had a relevant interest in approximately 33% of its voting shares by reason of the voluntary escrow arrangements associated with the purchase of the Transit Systems Group announced by SeaLink on 8 October 2019.*

C TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

ORDINARY SHAREHOLDERS	BALANCE AS AT 27/08/2020	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,630,272	10.820%
FINCHTON ENTERPRISES PTY LTD – THE LEISHMAN FAMILY NO 2 A/C	18,671,572	8.549%
PACIFIC TRANSIT PTY LIMITED – THE PACIFIC TRANSIT A/C	18,671,572	8.549%
NATIONAL NOMINEES LIMITED	14,877,583	6.812%
ACCURO TRUSTEES (JERSEY) LTD – THE INUBIA PAULISTA A/C	14,772,984	6.764%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	13,185,210	6.037%
CITICORP NOMINEES PTY LIMITED	10,855,063	4.970%
WINDFURY PTY LIMITED – THE CLEVELAND TRANSPORT A/C	9,210,194	4.217%
SARTO PTY LTD – R ZAPPIA & SONS P/FUND A/C	6,326,960	2.897%
SMITH FEUERHERDT HOLDINGS PTY LTD – THE RUBICON A/C	5,744,171	2.630%
LEISHMAN AUSTRALIA PTY LTD – THE LEISHMAN ENTERPRISES A/C	5,056,836	2.315%
PRESCOTT NO 22 PTY LTD – THE PRESCOTT NO 22 A/C	4,937,000	2.261%
SUNROP PTY LTD – SUNROP UNIT A/C	4,602,503	2.107%
EQUILINK PTY LTD – F A MANN FAMILY A/C	3,721,000	1.704%
BNP PARIBAS NOMINEES PTY LTD – AGENCY LENDING DRP A/C	3,582,601	1.640%
ARISTOS NOMINEES PTY LTD – BJ MAYFIELD FAMILY A/C	3,563,692	1.632%
HEBDEN PTY LTD – J R ELLISON FAMILY A/C	2,724,769	1.248%
BNP PARIBAS NOMS PTY LTD – DRP	2,716,565	1.244%
BELAHVILLE PTY LTD	2,460,714	1.127%
WITRON PTY LTD – WITTMANN RETIRE FUND A/C	1,942,133	0.889%
Total of Securities	**171,253,394**	**78.413%**

Head Office
Level 3, 26 Flinders Street
Adelaide SA 5000

Web www.sealinktravelgroup.com.au
Email info@sealinktravelgroup.com.au
Phone +61 8 8202 8688

ABN 49 109 078 257
ACN 109 078 257
ASX Code SLK

CORPORATE GOVERNANCE

The Board of Directors of SeaLink Travel Group Limited ("SeaLink") is responsible for the corporate governance of the Company and its controlled entities (the Group), monitoring the operational and financial performance of the Group, overseeing its business strategy and approving its strategic direction.

The ASX Listing Rules require listed entities to disclose the extent to which they have followed the best practice recommendations set by the ASX Corporate Governance Council during a reporting period.

Our Corporate Governance Statement is available at **sealinktravelgroup.com.au/corporate-governance**