

The background of the top half of the cover is a photograph of the Sydney Opera House. In the foreground, a red and white catamaran boat is on the water. The boat has "Captain Cook Cruises" written on its side, along with the name "Violet Mckenzie" and a logo. In the background, a large cruise ship is docked with "Celebrity CENTURY" visible on its side. A semi-transparent blue vertical bar with white diagonal lines is positioned over the center of the image, containing the title text.

ANNUAL REPORT 2014-15

CONNECTING
AUSTRALIAN
ICONS AND
LANDSCAPES
TO THE WORLD

SEALINK
Travel Group

BRANDS

SEALINK
Kangaroo Island

SEALINK
Queensland

SEALINK
Northern Territory


Captain Cook
Cruises

**KANGAROO
ISLAND**
ADVENTURE TOURS


Hop On Hop Off
Sydney Harbour Explorer

 Kangaroo Island
Odysseys

**VIVONNE
BAY
LODGE**

 **Adelaide
Sightseeing**

**australian
HOLIDAY
centre**

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SEALINK TRAVEL GROUP

SeaLink Travel Group is an established, geographically diversified tourism and transport company which provides services in two industries: Transport industry, moving regular commuters and freight between travel destinations; and the Tourism Industry, promoting and packaging holiday destinations, providing tours and delivering tourist to travel destinations.

SeaLink employs over 650 staff, owns and operates a fleet of 27 ferries and other maritime craft carrying over 3 million passengers per year. Additionally, SeaLink operates a fleet of 26 coaches, buses and other touring vehicles.

SeaLink's Operations are conducted through three core business units, they are:

- SeaLink South Australia including Kangaroo Island SeaLink, coach touring and the Australian Holiday Centre located in Sydney;
- Captain Cook Cruises including PW Murray Princess located in Mannum, South Australia; and
- SeaLink Queensland including SeaLink Northern Territory.

The following services are offered across the businesses:

- Cruises, ferry and charter services on Sydney Harbour and on the Murray River.
- Passenger ferry service in Townsville, Queensland and Darwin, Northern Territory.

- Passenger, vehicle and freight services between Kangaroo Island and the South Australian mainland.
- Day tours, extended touring and charter operations on Kangaroo Island and on the South Australian mainland.
- Exclusive 4WD foreign language adventure based tours.
- Retail travel agencies in Adelaide, Sydney and Townsville.
- Adventure, accommodation and restaurant at Vivonne Bay, Kangaroo Island.

SeaLink Travel Group listed on the Australian Securities Exchange (ASX code: SLK) on the 16th October 2013.

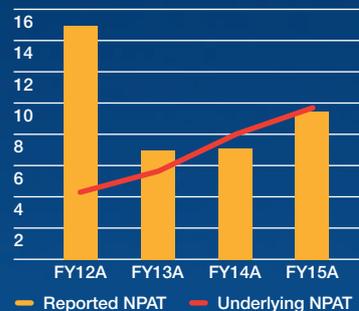


FOUR YEAR FINANCIAL HIGHLIGHTS

SEALINK TRAVEL GROUP

PERFORMANCE		2012	2013	2014	2015
Operating Revenue	\$m	79.7	91.4	103.8	111.3
Underlying EBIT	\$m	7.4	9.2	12.4	14.8
EBIT margin	%	9.3	10.0	11.9	13.3
Reported NPAT	\$m	14.8	7.0	7.2	9.3
Underlying EPS (average)	cents	8.5	10.4	11.8	12.6
Dividend per share (100% franked)	cents	15.1	7.5	7.4	7.8
Payout ratio (Reported NPAT)	%	56.1	69.9	73.7	64.1
Return on average invested capital	%	16.0	17.9	20.9	21.2
FINANCIAL STRENGTH					
Net assets	\$m	27.8	30.8	53.9	61.3
NTA per share	cents	38.0	41.6	61.6	68.9
Gearing	%	42	34	17	13
Underlying NPAT – Continuing operations	\$m	4.3	5.7	7.9	9.6

NET PROFIT AFTER TAX (\$M)



REVENUE



CHAIR REPORT

Dear Shareholder,

I am pleased to report an excellent result for the SeaLink Travel Group (SeaLink) – with record underlying profit, further expansion of the Australian business base and strengthening of the balance sheet. It has been a busy and successful year for SeaLink through fleet acquisitions and disposals, commencement of new routes on Sydney Harbour and establishment of a revenue management function to bolster sales. Revenue was also at record levels.

The Company recorded Net Profit before Tax of \$13.4m, up 30% compared to \$10.2m for the previous year to June 2014. From a comparative perspective, the June 2014 year included the after-tax effect of the share listing costs of \$0.6m whilst the June 2015 year included due diligence costs on acquisitions of \$0.2m (after-tax basis). Excluding these expenses, underlying NPAT for the year was \$9.6m, up 21% over the previous year.

This is my first report as Chair of SeaLink following on from the retirement of Mr Giuliano Ursini who has been Chair of the Group for 19 years. The Board would like to express its deep gratitude for the substantial contribution that Mr Ursini made during his tenure in guiding SeaLink from a small ferry business in South Australia into a major Australian based tourism and transport operator with operations in four states/territories. Ms Lucy Hughes Turnbull was also appointed to the position as Deputy Chair, effective 1 July 2015.

BUSINESS OVERVIEW

The year has seen very solid growth in our sales, principally from our transport market. While the tourism market remains challenging, the recent devaluation of the Australian dollar is starting to provide positive opportunities. We continue to receive greater returns from all of our business units.

A major focus in the past year has been on finding suitable acquisitions to expand the SeaLink brand and utilise the low gearing position of the Company. We have undertaken due diligence on several targets and work in that area is continuing. We are targeting to finalise an acquisition in the first half of the 2015–16 financial year.

As part of our ongoing fleet renewal plan, SeaLink invested in three additional vessels and divested of three vessels. Additions were to accommodate demand for contract work as well as development of new routes on Sydney Harbour. SeaLink also invested in the current fleet with major upgrades to three vessels – PW Murray Princess, MV Sydney 2000 and the MV Reef Cat.

SEALINK SOUTH AUSTRALIA

In South Australia, we strive to ensure our major business unit continues to service its markets and perform to its utmost ability. SeaLink invested in our vehicle fleet with two new Scania coaches purchased for Kangaroo Island Tours and two replacement vehicles for our Kangaroo Island Odyssey business.



Pleasing to note was the positive increase in tourism numbers aided by continued investment in marketing with partners such as the South Australian Tourism Commission (SATC) and online sale increases.

CAPTAIN COOK CRUISES

The focus has been on re-positioning the Captain Cook Cruises business to maximise return from the 2011 acquisition. We upgraded the MV Sydney 2000 and replaced the paddle wheel on the PW Murray Princess, both being first class vessels.

As part of our innovative approach, SeaLink commissioned the build of a floating mobile ferry wharf for Sydney, which will provide access to a variety of wharves. We plan to use the mobile wharf to commence a service from White Bay to the city for cruise ship passengers. This supports the NSW Government's strategy of reducing road traffic by increasing ferry transport services on Sydney Harbour.

In April 2015, we expanded the fleet with the purchase of two high speed vessels, the MV Palm Cat and the MV Maggie Cat, one of which was retained in Sydney Harbour to meet the growing market demand for services on Sydney Harbour in addition to running whale watching cruises. The other was transferred to Townsville.

SEALINK QUEENSLAND AND SEALINK NORTHERN TERRITORY

The Group has taken the opportunity to continue to modernise the fleet with a major upgrade the MV Reef Cat, the main vessel used to service Palm Island from Townsville. The MV Pacific Cat was sold and replaced by the MV Palm Cat.

Following a 12 month trial period, we secured a further four year contract on our Tiwi Island service where the Northern Territory business is running very well.

RESULTS

The Company recorded Net Profit before Tax of \$13.4m, up 30% compared to \$10.2m for the previous year to June 2014.

Major contributors to the increase were:

- A substantially higher contribution from South Australia's operation through a combination of higher sales reflecting increased coach tour, accommodation and ferry passengers and lower maintenance costs
- Captain Cook Cruises also increased its profit contribution compared to 2014 as a result of higher sales revenue and improved margins
- Solid revenue growth and contribution from the Murray Princess
- Lower fuel costs due to efficiencies created by engine replacements and lower world oil prices

Revenue increased by 7.2% taking the total revenue to \$111.7m.

Our underlying cashflow profile and the cash position at year end was strong with all financial covenants achieved during the year. Interest bearing debt was low and down by \$3.2m from a year ago despite acquiring three vessels and upgrading our coach fleet.

As a result of the record result, the Company has declared a fully franked dividend of 4.0 cents per share taking the total dividend for the year to 7.8 cents, up 6% on the previous year.

OUTLOOK

The Company is optimistic about the 2016 financial year given the positive outlook for inbound tourism, the flow on effect from a lower Australian dollar and further expansion into other potential businesses. We are confident we have the right strategies and plans in place together with strong management to deliver the next phase of growth.

Key areas of focus for 2015–16 will be in several areas:

- Increasing the extent of business sourced online, which will have a positive effect on profitability. A National Online Sales Manager role is targeted to be employed in the first quarter of 2015–16. This will supplement sales skills employed across the Group
- Further development of the revenue management function to improve sales, especially filling spare capacity and maximising pricing opportunities
- Crystallising new business opportunities
- Continuing to focus on acquisitions to utilise the low gearing position
- Seeking new routes, especially in Sydney Harbour and in Darwin

Given average seasonal and business conditions remaining over the next year, the business is well positioned to report an increased underlying profit for the 2015–16 financial year.

I would like to thank my Board colleagues for their continued commitment and who add significant value to the governance of the Group through a diversity of skills and experience. I would also like to acknowledge the great work of SeaLink CEO Jeff Ellison and his dedicated management team.

ANDREW McEVOY
CHAIR, SEALINK TRAVEL GROUP

CEO REPORT

It gives me great pleasure to report that our Company has achieved a record profit result. Our strategy of focusing on the tourism and transport industries across a geographically diverse portfolio has again paid dividends for the year ended 30th June 2015, delivering very solid sales and profit growth.

RESULT OVERVIEW

In a period of consolidation across the Group, SeaLink continued its sales growth performance achieving a record underlying profit for the 2015 financial year.

In a competitive environment, revenue increased by 7.2% as a result of the full year of operation in Darwin and growth in our core businesses of Captain Cook Cruises and Kangaroo Island SeaLink. Turnover from SeaLink Queensland in Townsville also increased with additional services to Palm Island and higher revenue from its core Magnetic Island ferry service.

Adjusting for share listing and due diligence expenses, the Company recorded a Net Profit before Tax of \$13.4m compared to \$10.3m for the previous year, up 23%.

Growth in Net Profit before Tax reflected a higher contribution from SeaLink South Australia's operations; this saw a combination of higher sales through increased coach tours and ferry passengers, alongside lower repair costs. Captain Cook Cruises also increased its profit contribution compared to 2014 with higher turnover and improved margins. Revenue growth came through the full year effect of various charter contracts with Harbour City Ferries, Sydney Convention Centre and the Biennale. The Vivid Festival also continues to grow as a Sydney Harbour attraction resulting in additional passengers. The Murray Princess also experienced both solid revenue and gross margin increases.

Lower fuel costs due to efficiencies created by engine replacements and lower world oil prices also had a positive effect on the result.

SeaLink invested in three additional vessels during the year to accommodate demand for contract work, development of new routes on Sydney Harbour and the replacement of older vessels. In mid November we took delivery of our fourth newly built "rocket" class vessel taking the overall fleet to 27 vessels including two vessels purchased from Sydney Fast Ferries on 1 April 2015. One of these vessels was relocated to Townsville; the other is operating on Sydney Harbour.

SeaLink also invested in its current fleet with a major upgrade to the MV Reef Cat, based in Townsville. This upgrade will extend the vessel's life for many years. This vessel is predominantly used for the Palm Island ferry service. Additionally, SeaLink divested three vessels from Sydney and Townsville as part of its fleet renewal plan.

REVIEW OF OPERATIONS

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

- Completion and christening of the fourth new build "rocket" ferry MV Violet McKenzie
- Signing a further four year contract for ferry services to Tiwi Islands
- Replacement of the PW Murray Princess paddle and further cabin upgrades
- Upgrade of the MV Sydney 2000 upper deck
- Appointment of Andrew McEvoy as a new Director and then Chair from the 1st July 2015
- Refurbishment to the MV Reef Cat
- Purchase of two 300 passenger high speed ferries to expand business operations in Sydney and Townsville
- Replacement of the MV Pacific Cat in Townsville to modernise the fleet and avoid major engine upgrades

- Expansion of commuter and tourist services on Sydney Harbour, including Watsons Bay and Manly
- Revenue Management team commenced with the aim of maximising sales
- Build a floating pontoon to assist the expanding Sydney cruise ship market

The Company continues to focus on its strategy of growth through acquisition with due diligence being undertaken on targeted businesses. During the year, \$332,000 was expended on due diligence.

SEALINK SOUTH AUSTRALIA

The business had an excellent year where external revenue increased by 6.8% to \$54.1m as the result of increased traffic to Kangaroo Island together with improved touring and accommodation package sales. Passengers increased by 2% whilst vehicles increased by 1%. Freight saw strong increases in volume, up 4%.

Following website changes to make bookings easier, as well as extending the number of products available online, sales of holiday accommodation packages grew our online bookings by \$0.7m.

Spend on vessel repair and maintenance reduced substantially given the major upgrade undertaken on the MV Sealion 2000 in the 2014 financial year. Both Kangaroo Island ferries underwent their standard survey requirements, which did not involve any major maintenance. Overall, this expense was down \$0.9m from the previous year.

As a result of higher sales, lower repair and maintenance costs and fuel savings, the overall business segment contribution before corporate allocation and interest increased by 11%.

The new Penneshaw Terminal, the gateway to Kangaroo Island, is performing well and has been a valuable investment in customer service for SeaLink. A new liquor licence was obtained to enable SeaLink to sell locally produced wine and spirits to visitors departing Kangaroo Island.

SeaLink continued to invest in its vehicle fleet with two new Scania coaches purchased for Kangaroo Island Tours and two replacement vehicles for its Kangaroo Island Odyssey business.

Preliminary work has been undertaken on the design for an upgrade to traffic management at Penneshaw and for the redesign of the Cape Jervis vehicle ramp to accommodate the safer loading of low-loading vehicles.

CAPTAIN COOK CRUISES

The 2014–15 year continued the growth in sales and profitability for Captain Cook Cruises. Sales increased by \$3.0m or 7.6%, with the majority of growth coming from contract and charter work. The lunch, dinner and sightseeing cruises were down slightly on last year primarily due to fewer major events in Sydney. October 2013 held the centenary of the Royal Australian Navy's International Fleet Review, which materially bolstered revenue in the 2013–14 year.

Passenger numbers on the Murray Princess grew by 5.4%, and this growth helped revenue increase by a similar amount.

The net profit result for the business before corporate allocation and interest was an increase of 34% to \$4.7m reflecting higher sales and gross margin.



CEO REPORT CONTINUED

In November 2014, the fourth newly constructed state-of-the-art passenger vessel, MV Violet McKenzie, was delivered to Captain Cook Cruises. Once christened, the vessel commenced charter services on Sydney Harbour.

In December 2014, the PW Murray Princess, as part of its scheduled dry-docking, underwent a replacement of the paddle wheel. This was in addition to further upgrades to cabins as part of an ongoing refurbishment program. Since acquisition, 45 of the 60 cabins have been fully refurbished.

In January 2015, the popular Hop-On Hop-Off ferry service on Sydney Harbour was extended to Manly taking the number of stops on the service to ten. The additional leg is proving to be a popular extension of the service, especially during the peak holiday period. January also saw the commencement of construction of a new pontoon, which is being used to transfer passengers from a wharf to our ferries. This is creating new opportunities for water-based passenger transfers.

A major refurbishment of the upper deck of the MV Sydney 2000 was undertaken with new carpeting and furniture alongside an upgraded galley fit-out.

March 2015 saw Captain Cook Cruises commence a weekday commuter ferry service between Watsons Bay and Circular Quay. The new service has been welcomed by local residents who have embraced the new service route. Other services are under consideration.

The MV Palm Cat and the MV Maggie Cat high speed vessels, which carry 300 passengers each, were acquired for \$6 million in April 2015 and funded from existing debt facilities. The MV Palm Cat was then transferred to Townsville to replace the MV Pacific Cat vessel, which was sold.

SEALINK QUEENSLAND/ NORTHERN TERRITORY

The major investment in Townsville was the upgrade of the MV Reef Cat. This included the replacement of seating, windows, ceilings, carpeting

and air conditioning. A total of \$0.9m was expended in line with the budget of which \$0.6m was expended. This level of expenditure was required to ensure that the MV Reef Cat could continue to service Palm Island for the current five year contract.

With an additional \$0.8m expended on vessel repairs and maintenance compared to last year, SeaLink Queensland segment's profit contribution before allocations reduced by \$0.3m. Turnover from the Magnetic Island service grew marginally, reflecting passenger increases whilst new additional weekly services to Palm Island grew revenue.

In April 2015, the fourth vessel in the fleet, the MV Pacific Cat, was sold and replaced by the MV Palm Cat from Sydney. The MV Palm Cat is a larger vessel and its arrival enables us to avoid major repairs on the older MV Pacific Cat.

Following a successful charter period in Sydney, the MV Freedom Sovereign (renamed "Tiwi Mantawi" meaning Tiwi Island friend) was transferred to Darwin in August 2014. The MV Tiwi Mantawi bolstered passenger carrying capacity but more importantly, the vessel has a bow gangway, which enables direct boarding from shore to vessel. This has improved customer service and safety and removed the need to charter a shuttle vessel.

In December 2014, the Tiwi contract was signed for a further four year period after an initial trial of 12 months and now aligns with the Mandorah ferry service contract. The service is well supported and operating above initial expectations.

In March 2015, SeaLink Northern Territory added to its tourism product by partnering a new three day/two night tour with a local Tiwi island company, a business that is solely owned by the elders of the traditional landowners. Both SeaLink Queensland and SeaLink Northern Territory are committed to working with the elders of the local areas to grow Indigenous tourism.

Net contribution from Northern Territory operations has been positive and ahead of plan for the year.

BOARD

It was a great pleasure welcoming Andrew McEvoy to our Board as our new Chair. Andrew has extensive experience in the tourism industry, having held Managing Director positions with both Tourism Australia and the South Australian Tourism Commission. He is currently Managing Director Life Media and Events of Fairfax Media. Andrew will add great value to the SeaLink Board with his extensive network of contacts relevant to our markets.

I wish to thank our retiring Chair, Mr. Giuliano Ursini, for his outstanding 19 years of valuable advice, dedication and leadership of the company.

FUTURE

We are confident in our strategy, which when combined with our great people and assets, will continue to deliver strong shareholder performance next year. There is strong appetite for SeaLink's tourism products and services.

We continue to seek new opportunities in our existing markets with Darwin and Sydney key areas for new routes and services.

In line with the Company's strategy of growth by acquisition, late last year, the Company appointed a Commercial Manager to focus on identifying and securing new business expansion and acquisition opportunities. We have undertaken due diligence on businesses during the year and these investigations are ongoing.

I would like to thank our people, customers, suppliers and shareholders for their support over the past year. We could not achieve our success without all of their support. The hard working talented people at SeaLink are central to our ongoing success and I look forward to leading the Company to future growth and success.

JEFF ELLISON MANAGING DIRECTOR AND CEO

REVENUE HISTORY

REVENUE (\$million)

120

110

100

90

80

70

60

50

40

30

20

10

1998

Luxury Kangaroo Island ferry 'Sealion 2000' built and launched.

1999

Adelaide Sightseeing Day Tours and City Centre Travel acquired.

2003

Australian Holiday Centres Melbourne and Sydney acquired.
Luxury Kangaroo Island ferry 'Spirit of KI' built and launched.

2004

Auckland NZ based ferry company, Subritzky Ferries acquired.
The Ski Connection ski packaging and express coach transport company acquired.
Vivonne Bay Outdoor Education Centre, Kangaroo Island acquired.

2005

Cape Jervis Ferry Terminal built and officially opened.

2006

Kangaroo Island Adventure Tours soft adventure business acquired.

2007

Kangaroo Island Booking Centre retail specialist agency acquired.
SeaLink selected as Facility Managers for new Adelaide Central Bus Station.
SkyLink Adelaide Airport Shuttle Service and fleet of coaches acquired.
Vivonne Bay Eco Adventures built Bistro and Function Centre.
CJ's by the Sea café opened at Cape Jervis Ferry Terminal.

2008

Big B Cartage Limited – NZ freight & trucking company, majority shareholding acquired.
Premier Day Tour business acquired.

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.

2013

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

2014

Constructed the Penneshaw Terminal, Kangaroo Island.

1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

KEY RESULTS

RESULTS IN BRIEF

	JUNE 2015 \$M	JUNE 2014 \$M	CHANGE \$M	CHANGE %
Revenue from ordinary activities	111.3	103.8	7.5	7.2
Net Profit Before Tax	13.4	10.3	3.1	30.1
Profit after tax from ordinary activities	9.3	7.2	2.1	29.2

Note – 2014 includes ASX Listing costs of \$0.9m before tax.
– 2015 includes due diligence costs of \$0.3m before tax.

DIVIDENDS

	AMOUNT PER SHARE CENTS	FRANKED AMOUNT PER SHARE CENTS	TAX RATE FOR FRANKING CREDIT
30 JUNE 2015			
Interim Dividend	3.80	3.80	30%
Final Dividend	4.00	4.00	30%
30 JUNE 2014			
Interim Dividend	3.66	3.66	30%
Final Dividend	3.70	3.70	30%

Ex-dividend date 10 September 2015.

Record Date 14 September 2015. Payment date 15 October 2015.

NET TANGIBLE ASSETS

	JUNE 2015 \$	JUNE 2014 \$
Net tangible assets per ordinary share	0.69	0.616

The report is based on the consolidated financial statements which have been audited by the auditor of SeaLink Travel Group Ltd.



DIRECTORS REPORT

The Board of Directors of SeaLink Travel Group Ltd (Sealink) has pleasure in submitting its report for the year ended 30 June, 2015.

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.



ANDREW McEVROY
(MA (Comms), BA Arts)
CHAIRPERSON

Mr McEvoy was appointed a Director on 1 February, 2015 and was appointed Chairperson effective 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, having held management positions with both Tourism Australia and the South Australian Tourism Commission. He is currently Managing Director, Life Media & Events at Fairfax Media, where he oversees the company's new business portfolio, including events and content marketing, a role he has held since January 2014.

Prior to that Mr McEvoy was Managing Director of Tourism Australia, Chief Executive of the South Australian Tourism Commission and Executive General Manager of Tourism Australia.



JEFFREY R. ELLISON
(BA (Acc), FCA, FAICD)
MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

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

Mr Ellison is a member on the Tourism Australia International Industry Advisory Panel and a Director of Solstice Media Ltd. Mr Ellison has been awarded Life Membership of TTF Australia (Tourism and Transport Forum).



**LUCINDA (LUCY)
HUGHES TURNBULL AO**
(LLB (USyd), MBA (UNSW))
NON-EXECUTIVE
DEPUTY CHAIRPERSON

Ms Hughes Turnbull is a Director at Turnbull and Partners and Chairperson of ASX listed biotechnology company Prima Biomed Limited, since 2010.

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

Ms Hughes Turnbull was appointed to the Board of SeaLink on 1st August, 2013 and is Chairperson of the Remuneration and Nomination Committee.

Deputy Chairperson
1st July 2015.



**WILLIAM T. (BILL)
SPURR AO**
(BApp Science, BEc, Dip T,
FAICD)
NON-EXECUTIVE DIRECTOR

Mr Spurr's extensive experience in the tourism and hospitality industries dates back to the early 1980's when he was the Executive Director of the Australian Hotels Association. Mr Spurr held the position as Chief Executive of the South Australian Tourism Commission from 1999 until July, 2007.

Mr Spurr is currently Chair of Education Adelaide and Adelaide Venue Management Corporation; a Board member of Hutt Street Foundation and is an adjunct Professor of Tourism at Flinders University. He is also a member of the Council for International Education.

Mr Spurr joined the Board of SeaLink in 2007, is Chairperson of the Company's Audit and Risk Committee and is a member of the Remuneration and Nomination Committee.



FREDERICK A. MANN
(FCA, MAICD)
NON-EXECUTIVE DIRECTOR

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

Mr Mann is a fellow of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors. Mr Mann has been on the Board of SeaLink since 1996 and is a member of the Company's Audit and Risk Committee.



CHRISTOPHER D. SMERDON
(MAICD)
NON-EXECUTIVE DIRECTOR

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

Mr Smerdon joined the Board in 2002, he is a member of the Company's Audit and Risk Committee.



TERRY J. DODD
NON-EXECUTIVE DIRECTOR

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

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

Mr Dodd is Vice Chairperson on the Board of the Australian Festival of Chamber Music based in Townsville.



GIULIANO M. URSINI
(B Arch, FRAIA)
RETIRED 30 JUNE 2015
FORMER DIRECTOR/
NON-EXECUTIVE CHAIRPERSON

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

Mr Ursini was Chairperson of SeaLink since 1996 until his retirement in June 2015.

TREVOR WALLER
(BA (Acc), Dip Corp Management)
COMPANY SECRETARY

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

INTEREST IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the directors in the shares and options of the Company were:

	NUMBER OF ORDINARY SHARES	NUMBER OF OPTIONS OVER ORDINARY SHARES
A McEvoy	–	–
FA Mann	3,548,000	–
CD Smerdon	6,350,000	–
JR Ellison	5,512,769	750,000
TJ Dodd	5,400,000	–
WT Spurr	150,000	–
LMF Hughes Turnbull	–	–

DIRECTOR'S MEETINGS

The number of meetings of Directors (including meetings of committees of directors) held during the last financial year and attended by each Director were as follows:

	NUMBER OF BOARD MEETINGS ATTENDED	NUMBER OF AUDIT AND RISK COMMITTEE MEETINGS ATTENDED	NUMBER OF REMUNERATION AND NOMINATIONS COMMITTEE
Number of meetings held:	10	3	2
A McEvoy (Chairperson)	5	–	–
GM Ursini (Former Chairperson)	10	–	–
FA Mann	9	3	–
CD Smerdon	9	2	–
JR Ellison	10	3**	2**
TJ Dodd	10	–	–
WT Spurr	9	3	2
LMF Hughes Turnbull	9	–	2

All directors were eligible to attend all meetings held, except for Mr Andrew McEvoy who was eligible to attend five director's meetings.

** Mr Ellison attended the Board sub-committees by invitation only.

COMMITTEE MEMBERSHIP

As at the date of this report, 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 were:

Audit and Risk	Remuneration and Nomination
WT Spurr (C)	LMF Hughes Turnbull (C)
FA Mann	WT Spurr
CD Smerdon	

(C) Chairperson

PRINCIPAL ACTIVITIES

The principal activities of SeaLink during the year were in providing:

- Ferry services;
- Tourism cruises, charter cruises and accommodated cruising;
- Coach tours;
- Packaged holidays;
- Travel agency services; and
- Accommodation and restaurant services at Vivonne Bay.

DIVIDENDS

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

	CENTS PER ORDINARY SHARE	AMOUNT
Interim fully franked dividend for 2015 paid 15 April 2015.	3.80	\$2,918,967
Final fully franked dividend for the year ended 30 June 2014 and paid 15 October 2014.	3.70	\$2,842,152

On 18 August 2015, STG's directors declared a 4.0 cents per share fully franked final dividend payable on 15 October 2015 to shareholders registered on 14 September 2015. This represents a 64% return of after tax net profit to shareholders, in line with STG's policy of returning 50%–70% of after-tax profit, subject to business needs and ability to pay. The interim dividend for the half-year ended 31 December 2014 was 3.8 cents per share.

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

SHARE OPTIONS

UNISSUED SHARES

As at 30 June 2015, there were 781,250 (2014; 3,781,250) unissued ordinary shares under options issued. During the period, 200,000 options were issued to staff. No options over issued shares or interests in the Company or a controlled entity were granted since the end of the financial year.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company.

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

During the year, Directors, employees and former Directors have exercised options to acquire 2,999,723 fully paid ordinary shares in SeaLink Travel Group Ltd at an average weighted exercise price of \$1.25 per share.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

A fully franked dividend of \$3,072,597 representing 4.0 cents per share based on the current number of ordinary shares was declared by the Directors on 18 August 2015 to be paid 15 October 2015.

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

OTHER

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

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

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

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 on page 15.

NON-AUDIT SERVICES

The following non-audit services were provided by the Company's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*:

- Assurance related and due diligence services – \$160,000

INDEMNIFICATION OF OFFICERS AND DIRECTORS

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

The Company is party to Deeds of Indemnity in favour of each of the Directors, referred to in this report who held office during the year and certain officeholders of the consolidated entity. The indemnities operate to the full extent permitted by law and are not subject to a monetary limit. SeaLink is not aware of any liability having arisen, and no claims have been made, during or since the financial year ending 30 June 2015 under the Deeds of Indemnity.

INDEMNIFICATION OF AUDITORS

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.

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

A J McEVOY
CHAIRPERSON

Adelaide, South Australia
18 August 2015



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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF SEALINK TRAVEL GROUP LTD

In relation to our audit of the financial report of SeaLink Travel Group Ltd for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Nigel Stevenson
Partner
Adelaide
18 August 2015

FINANCIAL REPORT

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015	NOTE	2015 \$'000	2014 \$'000
CONTINUING OPERATIONS			
Revenue	1A (a)	111,282	103,775
Interest income		86	63
Other income	1A (b)	380	584
Total income		111,748	104,422
DIRECT OPERATING EXPENSES			
Direct wages		25,848	23,060
Repairs and maintenance		5,042	5,195
Fuel		4,353	5,346
Commission		6,022	5,625
Meals and beverage		6,411	7,127
Accommodation		4,231	3,692
Tour Costs		10,711	10,178
Other direct expenses		10,921	9,796
ADMINISTRATION EXPENSES			
Indirect wages		14,993	13,822
General and administration		6,132	5,950
Marketing and selling		2,192	2,178
Financing charges	1B (a)	1,164	1,262
Due diligence costs	1B (g)	332	–
Listing costs		–	914
Total expenses		98,352	94,145
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		13,396	10,277
Income tax expense	1C	4,047	3,044
Profit for the year from continuing operations		9,349	7,233
Profit for the year		9,349	7,233
Other comprehensive income		–	–
Total comprehensive income for the year, net of tax		9,349	7,233
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD IS ATTRIBUTABLE TO:			
Owners of the parent		9,349	7,233
EARNINGS PER SHARE			
Basic, profit for the period attributable to ordinary equity holders of the parent		\$0.123	\$0.109
Diluted, profit for the period attributable to ordinary equity holders of the parent		\$0.120	\$0.099



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015	NOTE	2015 \$'000	2014 \$'000
CURRENT ASSETS			
Cash and cash equivalents	2A	2,261	4,448
Trade and other receivables	2B	3,227	2,960
Other financial assets		–	90
Inventories	2C	1,302	1,375
Prepayments		1,244	1,392
Total Current Assets		8,034	10,265
NON-CURRENT ASSETS			
Property, plant and equipment	2D	72,631	67,194
Intangible assets	2E	6,629	6,629
Deferred tax assets	2J	2,721	2,658
Total Non-Current Assets		81,981	76,481
Total Assets		90,015	86,746
CURRENT LIABILITIES			
Trade and other payables	2F	5,238	6,297
Unearned revenue	2H	3,814	3,744
Interest bearing loans and borrowings	2I	3,293	1,511
Current tax liabilities		1,578	1,705
Provisions	2G	4,453	3,868
Total Current Liabilities		18,376	17,125
NON-CURRENT LIABILITIES			
Unearned revenue	2H	1,321	1,492
Interest bearing loans and borrowings	2I	7,027	12,031
Deferred tax liabilities	2J	1,015	865
Provisions	2G	982	1,290
Total non-current liabilities		10,345	15,678
Total liabilities		28,721	32,803
Net assets		61,294	53,943
EQUITY			
Contributed equity	3B	33,904	30,164
Reserves	3C	487	464
Retained earnings		26,903	23,315
Total equity		61,294	53,943

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED	NOTE	CONTRIBUTED EQUITY \$'000	RETAINED EARNINGS \$'000	SHARE OPTION RESERVE \$'000	TOTAL \$'000
BALANCE AT 1ST JULY, 2013		8,751	21,580	464	30,795
Profit for the period		–	7,233	–	7,233
Total comprehensive income for the period		–	7,233	–	7,233
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS –					
Dividends paid or provided for	3D	–	(5,498)	–	(5,498)
Issue of share capital	3B	21,413	–	–	21,413
Balance at 30th June, 2014		30,164	23,315	464	53,943
BALANCE AT 1ST JULY, 2014		30,164	23,315	464	53,943
Profit for the period		–	9,349	–	9,349
Total comprehensive income for the period		–	9,349	–	9,349
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS –					
Dividends paid or provided for	3D	–	(5,761)	–	(5,761)
Issue of share capital	3B	3,740	–	–	3,740
Issue of share options		–	–	23	23
Balance at 30th June, 2015		33,904	26,903	487	61,294

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		111,330	103,441
Payments to suppliers and employees		(90,458)	(85,608)
Net GST paid		(3,525)	(2,057)
Interest received		86	63
Interest paid		(1,164)	(1,351)
Income tax (paid)/received		(4,080)	(2,189)
Net operating cash flows	2A	12,189	12,299
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		2,373	287
Cash was disbursed to:			
Payments for property, plant and equipment		(11,499)	(19,419)
Receipt of government grants		–	1,250
Net investing cash flows		(9,126)	(17,882)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	3B	3,733	20,418
Proceeds from borrowings		–	3,150
Repayment of borrowings		(3,222)	(7,743)
Dividend paid	3D	(5,761)	(5,498)
Net financing cash flows		(5,250)	10,327
Net increase/(decrease) in cash held		(2,187)	4,744
Cash and cash equivalents at 1 July		4,448	(296)
Cash and cash equivalents at 30 June	2A	2,261	4,448

1 STATEMENT OF COMPREHENSIVE INCOME

	2015 \$'000	2014 \$'000
REVENUES FROM CONTINUING OPERATIONS		
A INCOME		
(a) REVENUE		
Sales revenue	110,869	103,272
Rental income	413	503
	111,282	103,775
(b) OTHER INCOME		
(Loss)/profit on the sale of fixed assets	155	55
Fuel derivative (loss)/income (note 4B)	(200)	98
Expired bookings and cancellation fees	325	254
Other	100	177
	380	584
B EXPENSES		
(a) FINANCE COSTS		
Interest expense		
Borrowings	552	773
Leases	320	222
Finance charges	292	267
	1,164	1,262
(b) DEPRECIATION		
Property, plant and equipment	3,753	3,412
Leased assets	91	159
Total depreciation	3,844	3,571
(c) EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	31,807	28,087
Other employee benefits/entitlements	1,440	1,643
Superannuation	3,414	2,806
Workers Compensation costs	1,121	966
	37,782	33,502
(d) LEASE PAYMENTS IN INCOME STATEMENT		
Lease and rental expenses	1,723	1,727
(e) AUDITOR'S REMUNERATION		
The following total remuneration was received, or is due and receivable, by the auditor Ernst & Young of the parent entity and its affiliates in respect of:		
– Auditing the accounts	126	125
– Other services – Assurance and due diligence	160	118
	286	243
(f) INVENTORY EXPENSE		
Costs of inventories recognised as an expense	10,863	11,108
(g) DUE DILIGENCE EXPENSE		
Costs involved in due diligence process for an acquisition	332	–

	2015 \$'000	2014 \$'000
C TAX EXPENSE		
The major components of income tax expense that relate to continuing operations are:		
Current tax	3,966	3,489
Deferred tax	80	(370)
Under (over) provision in respect of prior years plus adjustments	1	(75)
Income tax expense reported in the income statement	4,047	3,044
Tax expense reconciliation:		
The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:		
Income tax expense calculated at 30% of operating profit	4,019	3,083
Other (entertainment etc)	20	9
Non-deductible expenses (goodwill/share option cost)	7	27
Amounts under/(over) provided in prior years	1	–
Asset cost base adjustment	–	(75)
Income tax expense reported in the income statement	4,047	3,044

D OPERATING SEGMENT REPORTING

For management purposes, the Group is organised into business units by reporting lines and has 4 main reporting segments

- Kangaroo Island Sealink (“KIS”), which offers ferry services, tours in SA, packaged holidays, retail travel services and accommodation facilities at Vivonne Bay;
- Captain Cook Cruises (“CCC”) which runs tourist cruises, charter cruises, ferry passenger services on Sydney Harbour as well as accommodated cruising on the PW Murray Princess. The Murray business will be reported under the KIS for future periods as the management reporting lines have now changed; and

- Sealink Queensland (“SQ”) which includes and manages the operations of Sealink Northern Territory. This unit provides ferry passenger services in Townsville and Darwin as well as offering packaged holidays;
- Corporate (Head Office), which provides finance, administration and risk management support.

The Board and Executive Committee monitors the operating results of each business unit separately for the purpose of making decisions about strategy, resource allocation, cost management and performance assessment. Segment performance is measured consistently with operating

profit or loss in the consolidated financial statements. Group income taxes are managed on a Group basis and are not allocated to the segments below. Transfer pricing between operating segments is on an arm’s length basis in a manner similar to transactions with third parties.

D OPERATING SEGMENT REPORTING – CONTINUED

YEAR ENDED 30 JUNE 2015	KIS \$'000	CCC \$'000	SQ \$'000	CORPORATE \$'000	ELIMINATIONS \$'000	CONSOLIDATED \$'000
Internal revenue	2,657	–	970	3,101	(6,728)	–
External Revenue	53,980	42,538	15,257	(113)	–	111,662

RESULTS

Capital expenditure	8,027	2,966	506	–	–	11,499
Depreciation	1,701	1,553	568	22	–	3,844
Segment profit before interest and allocations – continuing operations	11,916	4,699	2,020	(4,161)	–	14,474
Less Corporate allocations	(3,113)	(938)	(110)	4,161	–	–
Segment profit before interest and tax – continuing	8,803	3,761	1,910	–	–	14,474
Interest income						86
Interest cost and finance charges						(1,164)
Segment profit before tax – continuing operations						13,396

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

YEAR ENDED 30 JUNE 2014	KIS \$'000	CCC \$'000	SQ \$'000	CORPORATE \$'000	ELIMINATIONS \$'000	CONSOLIDATED \$'000
Internal revenue	2,442	–	783	1,960	(5,185)	–
External Revenue	50,605	39,526	13,972	256	–	104,359

RESULTS

Capital expenditure	8,675	11,393	344	–	–	20,412
Goodwill	89	–	–	–	–	89
Depreciation	1,336	1,618	580	37	–	3,571
Segment profit before interest and allocations – continuing operations	9,912	3,515	2,319	(4,270)	–	11,476
Corporate allocations	(3,098)	(801)	(371)	4,270	–	–
Segment profit before interest and tax – continuing	6,814	2,714	1,948	–	–	11,476
Interest income						63
Interest cost and finance charges						(1,262)
Segment profit before tax – continuing operations						10,277

THE FOLLOWING TABLE PRESENTS SEGMENT ASSETS AND LIABILITIES OF THE GROUP'S OPERATING SEGMENTS

AT 30 JUNE 2015	KIS \$'000	CCC \$'000	SQ \$'000	CORPORATE \$'000	ELIMINATIONS \$'000	CONSOLIDATED \$'000
Operating assets	36,159	36,006	15,118	11	–	87,294
Operating liabilities	17,798	4,657	3,673	–	–	26,128
AT 30 JUNE 2014						
Operating assets	32,013	34,692	17,333	50	–	84,088
Operating liabilities	16,836	8,107	5,290	–	–	30,233
				CONSOLIDATED 2015 \$'000		CONSOLIDATED 2014 \$'000
RECONCILIATION OF ASSETS AND LIABILITIES						
Segment operating assets				87,294		84,088
Deferred tax assets				2,721		2,658
Group total assets				90,015		86,746
Segment operating liabilities				26,128		30,233
Current tax liabilities				1,578		1,706
Deferred tax liabilities				1,015		864
Group total liabilities				28,721		32,803

2 STATEMENT OF FINANCIAL POSITION

	2015 \$'000	2014 \$'000
A CASH AND CASH EQUIVALENTS		
(a) RECONCILIATION OF CASH		
For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following:		
Cash	1,795	2,133
Cash on deposit	466	2,315
Total cash and cash equivalents	2,261	4,448
(b) RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Profit for the year after income tax	9,349	7,233
Non-Cash Items		
Depreciation and amortisation of non-current assets	3,844	3,571
Deferred income	(171)	(71)
Loss/(Profit) on disposal of non-current assets	(155)	(55)
Capitalisation of borrowing costs	–	(89)
Share Option cost	23	–
Goodwill Impairment	–	89
Share raising costs	–	995
Changes in net assets and liabilities		
Tax balances Increase/(Decrease)	(33)	774
Current trade receivables Decrease/(Increase)	(195)	(773)
Current inventories (Increase)/Decrease	106	(383)
Other current assets Decrease/(Increase)	133	(186)
Current trade and other creditors Increase/(Decrease)	(989)	630
Employee entitlements Increase/(Decrease)	277	564
Net cash provided by operating activities	12,189	12,299

	2015 \$'000	2014 \$'000
B TRADE AND OTHER RECEIVABLES – CURRENT		
Trade receivables	2,975	2,864
Other	258	108
Allowance for doubtful debts	(6)	(12)
Total trade and other receivables	3,227	2,960

Trade receivables are non-interest bearing and are generally on 30–60 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is past due and considered impaired.

ALLOWANCE FOR DOUBTFUL DEBTS	INDIVIDUALLY IMPAIRED \$'000	INDIVIDUALLY IMPAIRED \$'000
Opening Balance	(13)	(18)
Charge for the Year	–	1
Utilised	7	4
Closing Balance	(6)	(13)

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

	NEITHER PAST DUE OR IMPAIRED	RECEIVABLES PAST DUE BUT NOT IMPAIRED	IMPAIRED			
	TOTAL	0–30 DAYS	31–60 DAYS	61–90 DAYS	OVER 90 DAYS	
2015 – CONSOLIDATED	2,975	1,777	855	287	50	6
2014 – CONSOLIDATED	2,864	2,107	603	87	54	13

	2015 \$'000	2014 \$'000
C INVENTORIES		
Fuel (at cost)	176	286
Goods held for resale (at cost)	375	327
Spare parts	751	762
Total current inventories	1,302	1,375

	NOTE	2015 S'000	2014 S'000
D PROPERTY, PLANT AND EQUIPMENT			
LAND AND BUILDINGS			
Cost			
Opening balance		16,115	12,915
Additions		207	2,433
Borrowing costs on qualifying asset		–	89
Transfers from Capital works-in progress		–	774
Disposals		(262)	(96)
Closing balance		16,060	16,115
Accumulated depreciation			
Opening balance		1,750	1,543
Disposals		(80)	(71)
Depreciation for the year	1B (b)	369	278
Closing balance		2,039	1,750
Total land and buildings, net		14,021	14,365
PLANT AND EQUIPMENT			
Cost			
Opening balance		11,258	8,928
Transfers		–	864
Additions		1,901	1,782
Disposals		(944)	(316)
Closing balance		12,215	11,258
Accumulated depreciation			
Opening balance		5,933	4,754
Transfers		–	641
Depreciation for the year	1B (b)	892	786
Disposals		(756)	(248)
Closing balance		6,069	5,933
Total plant and equipment, net		6,146	5,325
PLANT AND EQUIPMENT UNDER LEASE			
Cost			
Opening balance		884	1,748
Additions		–	–
Transfers		–	(864)
Disposals		–	–
Closing balance		884	884
Accumulated depreciation			
Opening balance		368	850
Depreciation for the year	1B (b)	91	159
Transfers		–	(641)
Disposals		–	–
Closing balance		459	368
Total leased plant and equipment, net		425	516

	NOTE	2015 \$'000	2014 \$'000
FERRIES			
Cost			
Opening balance		61,971	48,485
Additions		8,887	12,928
Transfers from Capital works-in progress		3,268	708
Disposals		(2,573)	(150)
Closing balance		71,553	61,971
Accumulated depreciation			
Opening balance		18,251	15,912
Depreciation for the year	1B (b)	2,492	2,348
Disposals		(725)	(9)
Closing balance		20,018	18,251
Total ferries, net		51,535	43,720
CAPITAL WORKS-IN-PROGRESS			
Opening balance		3,268	1,482
Additions		504	3,268
Transfers to ferry/buildings		(3,268)	(1,482)
Closing balance – represented by pontoon/ferries		504	3,268
Total property, plant and equipment, net		72,631	67,194

At 30 June 2014, there were 2 "Rocket type" vessels in progress for use on Sydney Harbour (2015: nil). Refer also to Note 6A for capital commitments. At 30 June 2015, work in progress relates to a mobile pontoon for use in Sydney Harbour that was complete but not in place ready for use.

	2015 \$'000	2014 \$'000
E INTANGIBLE ASSETS		
Goodwill – at cost	6,758	6,758
Less – Accumulated impairment	(129)	(129)
Total intangible assets, net	6,629	6,629

Goodwill acquired through business acquisitions has been allocated to KI Odysseys (\$209,000), Sealink Queensland (\$6,420,392) and Australian Holiday Centre Sydney (\$128,520) being cash generating units (CGU's). The Group's impairment testing compares the carrying value of each CGU with its recoverable amount as determined using a value in use calculation. The Group performed its annual impairment test at 30 June 2015.

The assumptions for determining the recoverable amount are based on past experience and Senior Management's expectations for the future. The cash flow projections are based on annual financial budgets approved by senior management extrapolated using 3% growth rates for a five-year period. For the Sealink Queensland CGU, an EBIT ratio of 6 times year 5 earnings has

been used to determine the terminal value based on senior management's expectations of market price for this style of business. For KI Odysseys business unit, the terminal value is based on an estimate of goodwill in addition to asset value on hand. A pre-tax discount rate of 11.9% (2014:12.1%) was applied to cash flow projections and terminal value to arrive at the recoverable amount. As a result of the updated analysis, management did not identify an impairment for either of these CGU's. Australian Holiday Centre has been fully provided for in previous financial years.

KEY ASSUMPTIONS USED IN THE VALUE IN USE CALCULATIONS

The calculation of value in use for both cash generating units is most sensitive to the following key material assumptions:

- Passenger numbers to Magnetic Island – An increase of 1% in traffic has been inbuilt into forecast sales based on increased tourism flow into Australia as well as a growing population base in Townsville.
- Vessel repairs – These are estimated to increase at CPI (3% assumed) adjusted for significant expected engine rebuilds.
- Passengers for KIO – An increase of 1–2% in traffic has been inbuilt to the forecast based on increased tourism flow into Australia, increased marketing focus and higher on-line sales expected.

Management have assessed that changes to the key assumptions in the model, unless there was a large unforeseeable event, would not result in an impairment in goodwill for either KI Odysseys or Sealink Queensland.

	2015 \$'000	2014 \$'000
F TRADE AND OTHER PAYABLES		
CURRENT (ALL UNSECURED)		
Trade creditors (i)	3,231	3,780
Sundry payables and accruals	2,007	2,517
Total current trade and other payables	5,238	6,297

(i) Trade creditors are non-interest bearing and are normally settled on 14–60 day terms.

	2015 \$'000	2014 \$'000
G PROVISIONS		
CURRENT DIVIDENDS (REFER NOTE 3D)		
Opening balance	–	–
Paid during the year	5,761	(5,498)
Declared during the year	(5,761)	5,498
Closing balance	–	–
Subject to profitability, cash flow and the ability to pay, future dividends will be paid in April (interim) and October (final) each financial year.		
CURRENT		
Employee entitlements	4,453	3,868
NON-CURRENT		
Employee Entitlements	982	1,290

	2015 \$'000	2014 \$'000
H UNEARNED REVENUE		
CURRENT		
Deferred income – Government grant	172	172
Prepaid travel (a)	3,642	3,572
Total unearned revenue	3,814	3,744
NON-CURRENT		
Deferred income – Government grant	1,321	1,492
Total non-current payables	1,321	1,492

(a) As part of providing ferry services to passengers, vehicles and freight, and cruises, customers pay a portion or all of the balance owing in advance of travel date. Under revenue recognition principles, the payment for travel is not recognised as revenue until the travel paid for has departed. The balance above therefore relates to bookings with departure dates on or after 1 July 2015 (2014: 1 July 2014).

Government Grants

During the year, grants of \$nil (2014: \$1,250,000) were received in relation to the construction of the Penneshaw Terminal. All grants are released to income equally over the expected useful life of the asset. Previous grants released to income totalled \$171,639 (2014:\$71,639).

	NOTE	2015 \$'000	2014 \$'000
H INTEREST BEARING LOANS AND BORROWINGS			
CURRENT			
Secured:			
Lease liabilities (ii)	6A	3,293	1,511
Total current interest bearing liabilities		3,293	1,511
NON-CURRENT			
Secured:			
Bank loans (i)		5,000	5,991
Lease liabilities (ii)	6A	2,027	6,040
Total non-current interest bearing liabilities		7,027	12,031

(i) Security, terms and conditions – Loans and Overdraft

First registered mortgage over property situated at Penneshaw, Kangaroo Island and Neutral Bay Marina. First ranking registered company charge over all the assets and undertakings of all asset holding and trading subsidiaries. Registered ship mortgages over all vessels in the fleet that are not leased. Various guarantee facilities have been provided as surety on a range of lease contracts. Bank loans have been drawn down under an interchangeable bill facility with ANZ which matures 30 November 2017. The Company also has an interchangeable facility with a limit of \$7m with ANZ for hire purchase and lease facilities. This limit is reviewed annually. During the current year, there were no defaults or breaches.

(ii) Effectively secured over the assets leased. Leases are fixed rate with a lease term of between 48 and 60 months.

Committed financing facilities of \$26,537,873 (2014: \$28,454,575) were available to the consolidated entity at the end of the financial year. As at that date, \$11,042,151 (2014: \$14,256,926) of these facilities were in use. Interest bearing loans and borrowings have a fair value of \$10,283,122 (2014: \$13,370,040) and a carrying value of \$10,320,067 (2014: \$13,541,942).

	STATEMENT OF FINANCIAL POSITION		STATEMENT OF COMPREHENSIVE INCOME	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
J DEFERRED INCOME TAX				
Deferred income tax at 30 June relates to the following:				
DEFERRED TAX ASSETS				
Provision for doubtful debts	2	4	2	2
Government grants	448	499	51	(353)
Accruals	54	20	(34)	4
Capital expense timing differences	301	302	(6)	(176)
Right to Future Income	–	–	–	20
Asset timing depreciation differences	286	285	(1)	96
Employee entitlements	1,630	1,548	(82)	(170)
Total deferred tax assets	2,721	2,658		
DEFERRED TAX LIABILITIES				
Accelerated depreciation for tax purposes	950	767	183	196
Consumables	65	98	(33)	11
Total deferred tax liabilities	1,015	865		
Deferred Income tax expense			80	(370)

3 CAPITAL

A – CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Apart from the conversion of share options to ordinary shares, no changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a gearing ratio, which is measured as net interest bearing debt divided by total tangible assets. This ratio aligns with one of the key financier's covenants. The Group's policy is to maintain gearing ratio at less than 60%. As at 30 June 2015, the gearing ratio was 13%.

	CONTRIBUTED EQUITY		NO. OF SHARES ON ISSUE	
	2015 \$'000	2014 \$'000	2015 '000	2014 '000
B EQUITY				
ISSUED AND FULLY PAID ORDINARY SHARES (NO ISSUED SHARES NOT FULLY PAID)				
Opening balance	30,164	8,751	73,815	55,000
Conversion of Options (refer Note 7C)	3,740	5,088	3,000	3,815
Issue of 15,000,000 shares in October 2013	–	16,325	–	15,000
Total	33,904	30,164	76,815	73,815

During the year, 2,999,923 share options were converted to ordinary shares at an average price of \$1.25 raising gross proceeds of \$3,756,407. The Company expended a gross \$23,384 less \$7,015 of associated deferred tax asset to raise these funds which was allocated to contributed equity. Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly, the parent does not have authorised capital nor par value shares in respect of issued shares.

	2015 \$'000	2014 \$'000
C RESERVES		
SHARE OPTION RESERVE		
Opening Balance	464	464
Share option expense	23	–
Closing balance	487	464

The Share Option reserve is used to record the value of options issued to directors and employees as part of their remuneration (refer Note 7C).

	2015 \$'000	2014 \$'000
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D DIVIDENDS

Dividends on ordinary shares declared and paid during the period:

Interim dividend for 2015: 3.8 cents (2014: 3.66 cents)	2,919	2,597
Final dividend for 2014: 3.7 cents (2013: 3.575 cents)	2,842	1,966
Special dividend for 2013 paid July 2013: 1.7 cents	–	935

Dividends on ordinary shares proposed for approval (not recognised as a liability as at 30 June):

Final dividend for 2015: 4.0 cents (2014: 3.7 cents)	3,073	2,842
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FRANKING CREDIT BALANCE

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

Franking account balance as at the end of the financial year	7,549	5,988
Franking credits that will arise from the payment of income tax as at the end of the financial year	1,578	1,705

9,127 **7,693**

2015
\$'000

2014
\$'000

E EARNINGS PER SHARE

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

Diluted earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted share computations:

Net profit attributable to ordinary equity holders of the parent and for basic earnings and adjusted for the effect of dilution	9,349	7,233
	\$'000	\$'000
Weighted average number of ordinary shares for basic earnings per share	76,169	66,468
Effect of dilution from share options	1,558	6,731
Weighted average number of ordinary shares adjusted for dilution	77,727	73,199

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

4 RISK

A – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables, cash and short-term deposits that derive directly from its operations. The Group also enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks and is supported by Audit and Risk Committee that oversees the appropriate financial risk governance framework for the Group. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments. The Group is not exposed directly to any material foreign currency risk.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to keep between 40% and 60% of its borrowings at fixed rates of interest. To manage this, the Group enters into either fixed rate leases for larger assets, holds bill exposure or enters into longer term fixed rate loans. At 30 June 2015, 51% of the Group's interest bearing borrowings are at a fixed rate of interest (2014: 100%).

The sensitivity analyses in the following sections relate to the position as at 30 June 2015 and 30 June 2014. It has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives are all constant and on the basis of the hedge designations in place at 30 June 2015.

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

	WEIGHTED AVE. EFFECTIVE INTEREST RATE		WITHIN 1 YEAR		1 TO 5 YEARS		TOTAL	
	2015 %	2014 %	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
FINANCIAL ASSETS								
Floating Rate								
Cash Assets	0.6	1.5	2,261	4,448	–	–	2,261	4,448
FINANCIAL LIABILITIES								
Floating Rate								
Overdraft	5.20	5.20	–	–	–	–	–	–
Bills of exchange	3.54	3.40	–	–	5,000	–	5,000	–
Fixed Rate								
Bills	–	4.94	–	–	–	5,991	–	5,991
Leases	5.99	6.04	3,293	1,511	2,027	6,040	5,320	7,551
Net Exposure			(1,032)	2,937	(7,027)	(12,031)	(8,059)	(9,094)

INTEREST RATE SENSITIVITY

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

	30 JUNE 2015 \$'000	30 JUNE 2014 \$'000
JUDGEMENT OF REASONABLY POSSIBLE MOVEMENTS		
Movement of +0.5%	8	16
Movement of -1%	(16)	(31)

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

COMMODITY RISK – FUEL PRICE

The Group did not have any fuel forward derivatives to hedge changes in the underlying prices of fuel at 30 June 2015 (refer Note 4B).

CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. There are no major concentrations of credit risk.

TRADE RECEIVABLES

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.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 2B. The Group does not hold collateral as security.

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

The Group monitors its risk to a shortage of funds using a liquidity planning tool. 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.

The table below sets out the maturity profile of the Group's financial liabilities based on contracted undiscounted payments including interest.

Estimated variable interest expense is based upon the rate applying as at 30 June 2015.

YEAR ENDED 30 JUNE 2014	ON DEMAND \$'000	0-3 MONTHS \$'000	3-12 MONTHS \$'000	1-5 YEARS \$'000	TOTAL \$'000
Interest-bearing loans and borrowings	–	–	–	6,228	6,228
Trade and other payables	–	6,296	–	–	6,296
Financial guarantee contracts	685	–	–	–	685
Leases/hire purchase	–	378	1,133	7,019	8,530
Total	685	6,674	1,133	13,246	21,739

YEAR ENDED 30 JUNE 2015

YEAR ENDED 30 JUNE 2015	ON DEMAND \$'000	0-3 MONTHS \$'000	3-12 MONTHS \$'000	1-5 YEARS \$'000	TOTAL \$'000
Interest-bearing loans and borrowings	–	–	–	5,251	5,251
Trade and other payables	–	5,238	–	–	5,238
Financial guarantee contracts	692	–	–	–	692
Leases/hire purchase	–	473	2,961	2,293	5,727
Total	692	5,711	2,961	7,544	16,908

B – HEDGING

Financial assets and liabilities at fair value through profit and loss are those fuel forward contracts that are not designated in hedge relationships.

These instruments are entered into to reduce the volatility in the fuel cost for a portion of purchases made based on management expectations.

The Group does not apply hedge accounting to these contracts. During the year ended 30 June 2015, lower fuel prices created a decrease in the value of the fuel forward contracts. As such, a debit to the profit and loss of \$199,816 (2014: \$98,536 credit) was recorded.

Fuel contracts are categorised as Level 2 within the fair value hierarchy and are measured based on a combination of observable spot rates and the yield curve of the US\$ and AUD\$ currencies.

There was no fuel forward contract hedge in place at 30 June 2015 (\$89,896 at 30 June 2014).

5 ACCOUNTING POLICIES

A – BASIS OF PREPARATION

The consolidated financial statements for the year ended 30 June 2015 have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report is a general purpose financial report, has also been prepared on a historical cost basis and presented in Australian dollars. The Group is a for-profit entity for the purposes of preparing the financial report.

The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

B – SIGNIFICANT ACCOUNTING POLICIES IN THE PREPARATION AND PRESENTATION OF ACCOUNTS

(a) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

- Exposure, or rights, to variable returns from its involvement with the investee, and

- The ability to use its power over the investee to affect its returns.

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

In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (see Note 5E).

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

(b) FINANCIAL ASSETS

Forward fuel derivatives are measured at fair value with changes in fair value recognised in profit and loss.

(c) INVENTORIES

Inventories, which includes spare parts, are valued at the lower of cost and net realisable value. Spare parts are expensed as consumed or when they become obsolete as a result of a change to vessel strategy.

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

(d) TAXES

Income taxes

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

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

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

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and the taxable profit will be available against which the temporary difference can be utilised.

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and the taxable profit will be available against which the temporary difference can be utilised.

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

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

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

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

Goods and Services Tax (GST)

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

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

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

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

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

(e) LEASES

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

Finance charges are recognised as an expense in the Statement of Comprehensive Income.

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

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

(f) BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate AASB.

Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(g) EMPLOYEE BENEFITS

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

(h) IMPAIRMENT OF ASSETS

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

Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

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

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

(i) PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

All other repairs and maintenance are recognised in the Statement of Comprehensive Income as incurred.

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

Estimated useful life is as follows:

LIFE

Buildings	14 – 40 years
Plant and equipment	3 – 20 years
Plant and equipment under lease	Term of the lease
Ferry – at cost	5 – 20 years

(j) REVENUE

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

Sale of Goods

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

Rendering of Services

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

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

Interest

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

(k) CASH AND CASH EQUIVALENTS

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

are subject to an insignificant risk of changes in value.

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

(l) TRADE AND OTHER RECEIVABLES

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

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

(m) CONTRIBUTED EQUITY

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

(n) TRADE AND OTHER PAYABLES

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

(o) FOREIGN CURRENCY TRANSACTIONS AND BALANCES**Functional and presentation currency**

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

Transaction and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

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

(p) GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the Statement of Comprehensive Income over the expected useful life of the relevant asset by equal annual instalments.

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

(q) TAX CONSOLIDATION AND TAX SHARING

Sealink Travel Group's wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime effective 1/1/05. Sealink Travel Group Ltd is the head entity of the tax consolidated group.

Each of the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

Allocations under the tax funding agreement are made at the end of each reporting period. The allocation of taxes under the tax funding arrangement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company.

(r) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(s) INTEREST BEARING LOANS AND BORROWINGS

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

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

(t) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Key Estimates – Impairment

The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates, such as passenger numbers, growth rates and terminal value.

Key Estimates – Doubtful debts provision

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

(u) FAIR VALUES

The Group measures the forward fuel derivative at fair value at each balance sheet date.

Fair value 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. The fair value measurement is based on the presumption that the

transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

C – CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2014, except for the adoption of new standards and interpretations as of 1 July 2014, noted below:

AASB 2014–1 Part A – Amendments to Australian Accounting Standards – Annual Improvements 2010–2012 and 2011–2013 Cycle.

This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–12 Cycle and Annual Improvements to IFRSs 2011–13 Cycle.

Annual Improvements to 2010–12 Cycle addresses the following items which may have relevance to the Group's financial statements:

- AASB 2 – Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.
- AASB 8 – Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated.

An entity is also required to provide a reconciliation of total reportable segments' assets to the entity's total assets.

AASB 2013–3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.

AASB 13 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.

These amendments are effective for annual periods beginning on or after 1 July 2014. The adoption of these amendments had no material impact on the financial position or performance of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

D – ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Accounting standards and interpretations issued but not yet effective Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2015, are outlined in the table as follows:

Although a detailed assessment of AASB 15 has yet to be undertaken, none of the amendments are expected to have a material impact on the Group.

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD	APPLICATION DATE FOR GROUP
AASB 2014-4	Methods of Depreciation	AASB 2014-4 establishes the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future benefits of an asset. The IASB has clarified that the use of revenue based methods to calculate depreciation is not appropriate.	1 January 2016	1 July 2016
AASB 15	Revenue from contracts	The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the goods and services. An entity recognises revenue in accordance with that principle by applying various steps set out in AASB 15.	1 January 2017	** 1 July 2017

** The International Accounting Standards Board (IASB) in its July 2015 meeting decided to confirm its proposal to defer the effective date of IFRS 15 (the international equivalent of AASB 15) from 1 January 2017 to 1 January 2018. The amendment to give effect to the new effective date for IFRS 15 is expected to be issued in September 2015. At this time, it is expected that the AASB will make a corresponding amendment to AASB 15, which will mean that the application date of this standard for the Group will move from 1 July 2017 to 1 July 2018.

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD	APPLICATION DATE FOR GROUP
AASB 9	Financial Instruments	AASB 9 includes a logical model for classification and measurement, a single forward looking “expected loss” impairment model and a substantially-reformed approach to hedge accounting. The new standard requires entities to account for expected credit losses from when the financial instruments are first recognised and to recognise full lifetime losses on a more timely basis. AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139.	1 January 2018	1 July 2018
AASB 2015–2	Financial statements	The Standard makes amendments to AASB 101 Presentation of Financial Statements. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in financial statements.	1 January 2016	1 July 2016
AASB 2015–3	Materiality	The Standard completes the AASB’s to remove Australian guidance on materiality from Australian Standards.	1 January 2015	1 July 2015

E – FAIR VALUE MEASUREMENT

Set out below is a comparison by category of carrying amounts and fair values of the Group’s financial assets and financial liabilities at balance date:

ECONOMIC ENTITY	2015 CARRYING AMOUNT \$’000	2015 NET FAIR VALUE \$’000	2014 CARRYING AMOUNT \$’000	2014 NET FAIR VALUE \$’000
FINANCIAL ASSETS				
Cash	2,261	2,261	4,448	4,448
Trade and other receivables	3,227	3,227	2,960	2,960
Other financial assets – Fuel forward derivative	–	–	90	90
FINANCIAL LIABILITIES				
Bill facilities	5,000	5,000	5,991	5,928
Lease and hire purchase	5,320	5,283	7,551	7,442
Trade and sundry creditors	5,238	5,238	6,296	6,296

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

Although bill facilities held have a maturity longer than 12 months, from a re-pricing perspective, all facilities re-price within 12 months.

Fair values of the Group’s bill facilities and lease and hire purchase liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. These have been determined under a Level 2 fair value hierarchy.

6 UNRECOGNISED ITEMS

	30 JUNE 2015 \$'000	30 JUNE 2014 \$'000
A COMMITMENTS AND CONTINGENCIES		
(a) CAPITAL COMMITMENTS		
Vessels and buses	90	2,460
(b) COMMITMENTS UNDER NON-CANCELLABLE		
Operating Leases:		
Not later than one year	2,096	2,219
Later than one year but not later than five years	5,134	6,051
Later than five years	2,081	2,985
	9,311	11,255
(c) FINANCE LEASE COMMITMENTS:		
Not later than one year	3,434	1,511
Later than one year but not later than five years	2,293	7,019
Minimum lease payments	5,727	8,530
Future finance charges	(407)	(979)
Net finance lease liability	5,320	7,551
Included in Interest Bearing Loans and borrowings (Note 21) as:		
Current liability	3,293	1,511
Non-current liability	2,027	6,040
	5,320	7,551
(d) OPERATING LEASE COMMITMENTS – SEALINK AS LESSOR		
The Group has entered into a property sub-lease for a portion of its tenancy at the Townsville terminal. The sub-lease was for a term of 2 years and contains a clause to enable upward revision of the rental charge on an annual basis based on CPI movement.		
Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:		
Within one year	21	83
After one year but not more than five years	–	21
	21	104

B CONTINGENCIES

There were no contingencies of material note as at 30 June 2015 (2014: Nil).

C EVENTS REPORTED AFTER BALANCE DATE

A fully franked dividend of \$3,072,600 representing 4.0 cents per share based on the current number of ordinary shares was declared by the Directors on 18 August 2015 to be paid 15 October 2015. Apart from this matter, no events have occurred subsequent to year end which would, in the absence of disclosure, cause the financial report to be misleading.

7 OTHER

A – CORPORATE INFORMATION

The consolidated financial statements of the Group for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of Directors on 18 August 2015.

Sealink Travel Group Limited is a limited company incorporated and domiciled in Australia whose shares are publicly traded. The Company listed on the Australian Stock Exchange on 16 October, 2013. The principal business units of the Company and its subsidiaries (the Group) are described in Note 1D.

	2015 \$'000	2014 \$'000
B INFORMATION RELATING TO SEALINK TRAVEL GROUP LIMITED ('THE PARENT ENTITY')		
Current Assets	–	–
Non-current Assets	37,688	36,154
Total Assets	37,688	36,154
Current Liabilities	1,578	1,705
Non-current Liabilities	2,207	4,291
Total Liabilities	3,784	5,996
Net Assets	33,904	30,158
Contributed equity	33,904	30,158
Reserves	487	464
Retained profits	(487)	(464)
Total Parent Equity	33,904	30,158
Profit or loss of the parent entity	5,738	5,499
Total comprehensive income of the parent entity	5,738	5,499

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

C SHARE OPTION PLANS

(a) RECOGNISED SHARE-BASED PAYMENT EXPENSES;

Expense arising from options issued in 2015	23	–
Expense arising from options issued in 2012	–	2
Total expense	23	2

(b) TYPES OF SHARE OPTION PLANS

Director Options

Under this plan the Company has previously issued options with the main terms as follows:

OPTION CLASS	# OF OPTIONS	OPTION VALUE	COMMENCEMENT DATE	EXPIRY DATE	EXERCISE PRICE
A	3,125,000	\$219,065	21/10/2009	21/10/2014	\$1.20
B	3,125,000	\$165,940	21/10/2010	21/10/2014	\$1.40
C	750,000	\$39,825	Listing date – 16/10/13	5 years after listing date (16/10/18)	\$1.40

The options can be exercised anytime between commencement date and expiry date, but subject to the Company's share trading policy. There are no cash settlement alternatives in place. The Company does not have a past practice of cash settlement for these share options.

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 is \$2.50. The options vest after a period of 1 year as long as the senior employee is still employed on such date.

The contractual life of the options is 5 years. No options were granted during the 2014 financial year.

The fair value of the options granted is estimated at the date of grant using a binomial pricing model, taking into account terms and conditions upon which the options were granted using the following assumptions:

Dividend yield	4.2%
Expected volatility	27.8%
Risk free interest rate	2.8%
Expected life (years)	5.0
Weighted Average share price	\$1.78

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.

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

	2015		2014	
	NUMBER '000	WAEP \$	NUMBER '000	WAEP \$
Outstanding at the beginning of the year	3,781	1.31	7,596	1.31
Granted (under the Employee Share Option Plan)	200	2.50	–	n/a
Forfeited	–	1.20	–	–
Sold and exercised	–	n/a	(2,850)	n/a
Exercised	(3,000)	1.25	(965)	n/a
Outstanding at year end	981	1.62	3,781	1.31

THE OUTSTANDING BALANCE IS REPRESENTED BY

TYPE	OPTION CLASS	2015	2014
ESOP		231	346
Directors	A	–	1,935
Directors	B	–	750
Directors	C	750	750
		981	3,781

The weighted average fair value of options granted and not exercised was \$0.078 cents per option (2014: \$0.0608). Ordinary shares totalling 2,999,923 were issued during the year as a result of conversion of share options (2014: 3,815,000).

(c) OPTION PRICING MODEL

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

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

D RELATED PARTY TRANSACTIONS**(a) NAMES AND POSITIONS HELD OF KEY MANAGEMENT PERSONNEL IN OFFICE AT ANY TIME DURING THE FINANCIAL YEAR ARE****Directors**

Mr A McEvoy	Chairperson – (non-executive) Appointed Director 1st February, 2015 and Chairperson 1st July, 2015
Mr GM Ursini	Previous Chairperson – (non-executive). Resigned effective 30 June 2015
Mr FA Mann	Director – (non-executive)
Mr C Smerdon	Director – (non-executive)
Mr W T Spurr	Director – (non-executive)
Mr T Dodd	Director – (non-executive)
Mrs L Hughes Turnbull	Director – (non-executive)
Mr J R Ellison	Managing Director and Chief Executive Officer

Other Key Management Personnel

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

(b) TRANSACTIONS WITH RELATED PARTIES

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

Purchases and services totalling \$23,099 from Vectra Corporation Ltd, a company associated with Mr C Smerdon (2014: \$43,638);

Purchases and services totalling \$103,428 from Coachlines Australia and Tourism and Allied, companies associated with Mr C Smerdon (2014: \$101,167);

Purchases and services totalling \$119,475 from Pacific Marine, a company associated with Mr T Dodd (2014: \$28,276);

Purchases and services totalling \$255,890 from Sydney Fast Ferries, a company associated with Mr T Dodd (2014: \$154,336). This business ceased trading on 31 March, 2015. Two vessels, the "Maggie Cat" and "Palm Cat", which were used in the business were purchased by the Group from Sunrop Pty Ltd, a company associated with Mr T Dodd, for \$6m plus GST on 1 April, 2015. The purchase was approved by at a general meeting by Sealink's shareholders. This conflict of interest has been removed.

Purchases and services totalling \$84,793 (2014: \$164,320) from Teriga Limited, a company that was associated with Messrs Ursini, Mann, Smerdon and Ellison. The building which Sealink leases, was sold by Teriga in December 2014 removing any further related party interest.

Purchases and services totalling \$12,000 from Committee for Sydney, a company associated with Mrs L Hughes Turnbull (2014: \$12,000).

(c) KEY MANAGEMENT PERSONNEL REMUNERATION

	2015 \$'000	2014 \$'000
Short-Term	2,022	1,778
Post employment	138	106
Other long-term benefits – LSL	25	49
Termination Benefits	–	–
Share-based payment	–	–
	2,185	1,933

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. There are no loans to directors or key management personnel.

E RELATED BODIES CORPORATE

The following subsidiaries are incorporated in Australia and all 100% owned

Kangaroo Island Sealink Pty Ltd
Sealink KI Ferries Pty Ltd
TravelLink Pty Ltd
Kangaroo Island Adventure Tours Pty Ltd
Sealink Queensland Pty Ltd
Sealink Northern Territory Pty Ltd
STG Properties Pty Ltd
Australia Inbound Pty Ltd
The South Australian Travel Company Pty Ltd
Kangaroo Island Odysseys Pty Ltd
Captain Cook Cruises Pty Ltd
Sealink Vessels Pty Ltd
Sealink Marina Pty Ltd
TravelLink Technology Pty Ltd
Vivonne Bay Outdoor Education Centre Pty Ltd
The Living Classroom Pty Ltd
Magnetic Island Cruise Corporation Pty Ltd
PDW Pty Ltd
Sunferries Travel Pty Ltd

ASX

ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as of 18 August 2015.

A DISTRIBUTION OF EQUITABLE SECURITIES

(i) Ordinary share capital

76,814,923 fully paid ordinary shares are held by 1,096 individual shareholders.

(ii) Options

981,250 options are held by 3 individual option holders.

Options do not carry a right to vote or to participate in dividends.

The number of shareholders, by size of holding, in each class are:

	FULLY PAID ORDINARY SHARES	OPTIONS
1–1,000	167	0
1,001–5,000	405	0
5,001–10,000	234	0
10,001–100,000	239	2
100,001 and over	51	1
Totals	1,096	3
Holdings less than a marketable parcel	72	–

B SUBSTANTIAL SHAREHOLDERS

ORDINARY SHAREHOLDERS	NUMBER ('000s)	%
PRESCOTT NO 22 PTY LTD <THE PRESCOTT NO 22 A/C>	6,350	8.27
SARTO PTY LTD <R ZAPPIA & SONS P/FUND A/C>	5,025	6.54
SUNROP PTY LTD <SUNROP UNIT A/C>	4,392	5.72
NATIONAL NOMINEES LIMITED	4,379	5.70
CITICORP NOMINEES PTY LIMITED	4,192	5.46

C TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

ORDINARY SHAREHOLDERS	NUMBER ('000s)	%
PRESCOTT NO 22 PTY LTD <THE PRESCOTT NO 22 A/C>	6,350	8.27
SARTO PTY LTD <R ZAPPIA & SONS P/FUND A/C>	5,025	6.54
SUNROP PTY LTD <SUNROP UNIT A/C>	4,392	5.72
NATIONAL NOMINEES LIMITED	4,379	5.70
CITICORP NOMINEES PTY LIMITED	4,192	5.46
HEBDEN PTY LTD <J R ELLISON FAMILY A/C>	4,143	5.39
ARISTOS NOMINEES PTY LTD	3,558	4.63
EQUILINK PTY LTD <F A MANN FAMILY A/C>	3,548	4.62
FLAVON NOMINEES PTY LTD <THE DACRO ACCOUNT>	3,500	4.56
BELAHVILLE PTY LTD	2,625	3.42
BNP PARIBAS NOMS PTY LTD <DRP>	2,379	3.10
J P MORGAN NOMINEES AUSTRALIA LIMITED	1,888	2.46
APREMONT PTY LTD <WITTMANN RETIREMNT FUND A/C>	1,843	2.40
LASHMAR NOMINEES PTY LTD	1,793	2.33
FLAVON NOMINEES PTY LTD <URSINI ASSOC ARCH PL SF A/C>	1,500	1.95
MR J R ELLISON & MRS T A ELLISON <ELLISON SUPER FUND A/C>	1,370	1.78
GLADYS WILLSON	1,173	1.53
SAN LURO PTY LTD	1,154	1.50
MR KEVIN WILLSON	1,013	1.44
ATORCH NOMINEES PTY LTD	1,000	1.30



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REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Sealink Travel Group Ltd, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive Income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 5A, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion:

- a. the financial report of Sealink Travel Group Ltd is in accordance with the *Corporations Act 2001*,

Including:

- i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;
- and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note SA.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 46 to 52 of the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion, the Remuneration Report of Sealink Travel Group Ltd for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Nigel Stevenson
Partner
Adelaide
18 August 2015

REMUNERATION REPORT

This remuneration report, which forms part of the Director's Report, sets out the remuneration arrangements of the Group for Directors and its Senior Management for the financial year ended 30 June 2015. It also details remuneration policies and results and outlines the links between remuneration and results, both financial and non-financial.

The term 'Key Management Personnel' ("KMP") refers to those having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Group. The term "Executive" includes the Chief Executive Officer (CEO) and other Senior Executives of the Parent and the Group.

This information has been audited as required by section 308 (3C) of the Act.

Details for each person covered by this report are set out under the following headings:

1. Key Management Personnel;
2. Remuneration philosophy;
3. Remuneration of KMP;
4. Executive contracts;
5. Option and shareholding of KMP; and
6. Remuneration governance.

1 KEY MANAGEMENT PERSONNEL (“KMP”)

The Directors and other KMP of the Group during or since the end of the financial year were:

NON-EXECUTIVE DIRECTORS (NED)

A McEvoy – Chairperson – Appointed Chairperson 1 July 2015

W Spurr – Director (non-executive)

F Mann – Director (non-executive)

T Dodd – Director (non-executive)

C Smerdon – Director (non-executive)

L Hughes Turnbull – Director (non-executive)

G Ursini – Former Chairperson – Retired 30 June 2015

EXECUTIVE DIRECTORS

J Ellison – CEO and Managing Director

OTHER EXECUTIVE KMP

T Waller – Chief Financial Officer and Company Secretary

D Gauci – General Manager – SeaLink South Australia

A Haworth – General Manager – Captain Cook Cruises

P Victory – General Manager – SeaLink Queensland / Northern Territory

Apart from the change in Chairperson, there were no changes to KMP after the reporting date and before the financial report was authorised for issue.

2 REMUNERATION PHILOSOPHY

The performance of SeaLink depends upon the quality of its Directors and Executives. To succeed, the Company must attract, motivate and retain highly skilled KMP. To achieve this goal, remuneration policy seeks to ensure that:

- Remuneration levels are set to attract and retain good performers and motivate and reward them to continually improve business performance;
- Remuneration is competitive with incentives for continued employment and for increasing shareholder value;
- Rewards are linked to the achievement of business targets; and
- A remuneration structure supports SeaLink’s values and culture.

However, the Company, as it expands, recognises the importance of retaining key personnel and the Nomination and Remuneration Committee is considering implementing long term incentives for the 2015–16 year and foreseeable future.

LINK BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

Performance of SeaLink, especially in relation to overall earnings of the Group compared to its budgets and prior years, is a material factor in the determination of the nature and amount of the remuneration of KMP. However, whilst the Board does have regard for, and is extremely cognisant of the need to drive shareholder wealth and value through improved year on year performance and payment of dividends, there are many varied factors that can affect (positively or negatively):

- SeaLink’s ASX share price; and
- The ability to pay dividends or make returns of capital.

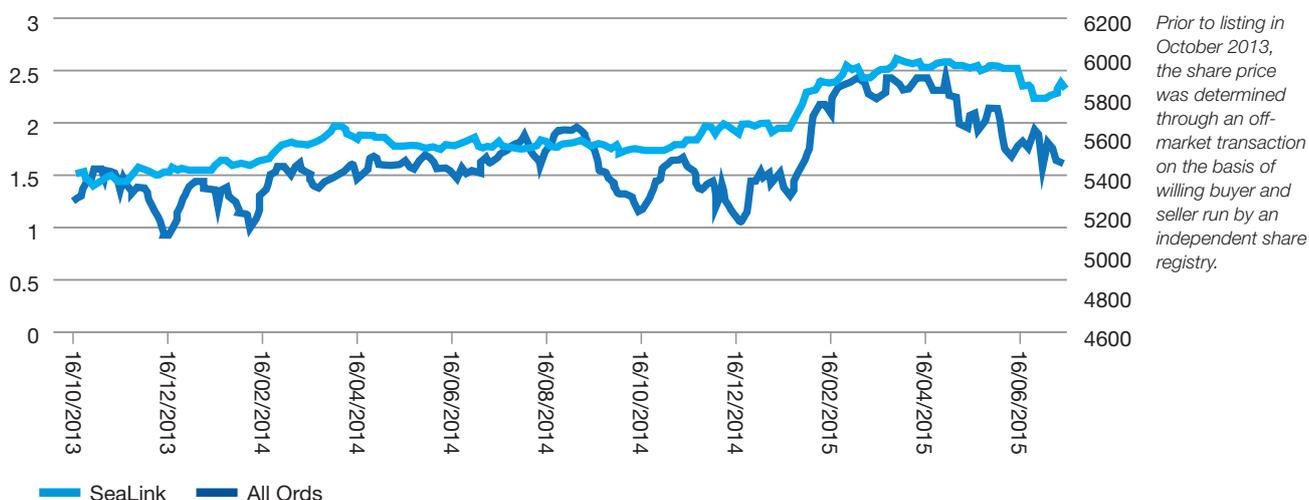
As such, financial results, combined with individual performance, are the key factors in determining overall remuneration of KMP in any financial year.

The table below shows the performance of the Company as measured by the NPAT (net profit after tax) from continuing operations and dividends paid.

	30 JUNE 2011 \$'000	30 JUNE 2012 \$'000	30 JUNE 2013 \$'000	30 JUNE 2014 \$'000	30 JUNE 2015 \$'000
Revenue	64,968	79,684	91,978	104,422	111,748
NPAT	5,533	3,834	7,023	7,233	9,349
Dividends paid	2,700	7,782	4,026	5,499	5,761

The next table highlights the performance of the share price since Sealink was listed:

SEALINK SHARE PRICE



3 REMUNERATION OF KMP

DIRECTORS

Remuneration Policy

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The aggregate remuneration amount sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to Non-Executive Directors ("NED"s) of

similar sized listed companies from a market capitalisation perspective.

The Company's constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by general meeting. The latest determination was on 18 August 2008 when shareholders approved the Constitution which contained the aggregate fee pool of \$580,000 per annum.

The Board will not seek any increase for the NED pool at the 2015 AGM.

The remuneration of NED's consists of directors fees which are as follows:

- The Chairperson receives an annual fee of \$139,000; and
- All other NED's receive \$69,000 pa.

These fees were increased by 2.5% on 1 July 2015.

There are no further additional fees for serving on a sub-committee of the Board. NED's do not receive retirement benefits, nor do they participate in any incentive programs.

Remuneration Outcome

The remuneration of NED's for the years ended 30 June 2014 and 30 June 2015 is detailed in the table below:

NED'S	FINANCIAL		SHORT TERM			TOTAL
	YEAR	FEES	BENEFITS	OTHER	SUPERANNUATION	
G Ursini	2015	\$139,000	-	-	-	\$139,000
	2014	\$139,000	-	-	-	\$139,000
C Smerdon	2015	\$69,000	-	-	-	\$69,000
	2014	\$69,000	-	-	-	\$69,000
W Spurr	2015	\$69,000	-	-	-	\$69,000
	2014	\$69,000	-	-	-	\$69,000
T Dodd	2015	\$69,000	-	-	-	\$69,000
	2014	\$69,000	-	-	-	\$69,000
L Hughes Turnbull	2015	\$69,000	-	-	-	\$69,000
	2014	\$63,250	-	-	-	\$63,250
F Mann	2015	\$69,000	-	-	-	\$69,000
	2014	\$69,000	-	-	-	\$69,000
A McEvoy	2015	\$28,750	-	-	-	\$28,750

EXECUTIVES

Remuneration Policy

The Group rewards executives with a level and mix of remuneration commensurate with their position and responsibilities so as to:

- Reward executives for company, business unit and individual performance against targets set by reference to agreed benchmarks;
- Align the interests of executives with those of shareholders and of other Company business units;

- Link reward to annual and longer term strategic business goals; and
- Ensure remuneration is competitive to market.

The Company does not subscribe, at senior level, to the philosophy of excessive 'at risk components' at a cash salary level but seeks to reward employees with a market competitive base rate. It considers that employment should be 'at risk' if performance does not deliver results or is at an unacceptable level.

Remuneration comprises of several key elements:

- Fixed remuneration;
- Annual performance incentives; and
- Where a specific business need arises, retention incentives are offered through options or retention bonuses.

There is no requirement for either the CEO or KMP to hold shares in the Company.

Remuneration Outcome

Remuneration of KMP is prepared on an accruals basis for bonuses except where noted and were as follows:

FY 2014	SALARY	CASH BONUS	NON-MONETARY BENEFITS	LEAVE LOADING SHORT TERM	SUPER	LONG TERM BENEFIT LSL	TOTAL
J Ellison	405,368	–	24,580	9,242	23,999	27,733	490,922
D Gauci	204,308	10,000	5,590	–	18,963	6,562	245,423
T Waller	208,192	25,000	–	–	25,000	10,794	268,986
A Haworth	205,242	30,000	11,814	–	18,985	934	266,975
P Victory	145,384	10,000	5,200	–	19,266	2,782	182,632

FY 2015	SALARY	CASH BONUS**	NON-MONETARY BENEFITS	LEAVE LOADING SHORT TERM	SUPER	LONG TERM BENEFIT LSL	TOTAL
J Ellison	414,861	104,625	2,915	5,453	31,275	6,046	565,175
D Gauci	211,032	38,007	6,328	–	20,048	5,976	281,391
T Waller	194,402	32,600	–	–	34,289	5,989	267,280
A Haworth	239,769	30,931	11,186	–	25,628	871	308,385
P Victory	177,897	31,950	7,358	–	26,900	6,500	250,605

** Cash Bonus to be paid in 2016 financial year.

Bonuses

For KMP, bonuses vary by Executive depending on the influence on the Company and the business unit, achievement of defined business goals, achievement of specific business unit EBIT budgets as well as whether the Company achieved the Board approved budget for the year. The table below outlines the bonuses payable to KMP for the reporting period. 100% of the achievement bonus will vest with the employee.

	CASH BONUS AT RISK (MAXIMUM)	ACHIEVEMENT OF GOALS	DISCRETIONARY PERFORMANCE	TOTAL BONUS
J Ellison	\$116,250	Profit and share price targets met. Most KPI's met.	–	\$104,625
D Gauci	\$42,230	Group and Business Unit Budget targets met. Most goals met.	–	\$38,007
T Waller	\$43,466	Group Budget target met but not stretch. Most goals met.	–	\$32,600
A Haworth	\$47,586	Group Budget target met. Business Unit Budget target not met. Most goals met.	–	\$30,931
P Victory	\$35,500	Group and Business Unit Budget target met. Most goals met.	–	\$31,950

4 EXECUTIVE CONTRACTS

CEO

The Company and Mr Jeffrey Ellison entered into a Managing Director Service Agreement which commenced on 16 October 2013 being the listing date on the ASX. The Agreement expires five years from that date. The agreement also allows the Company to extend the term of the employment.

Under the Managing Director's Service Agreement, Mr Ellison receives a total fixed gross remuneration package of \$465,000 per annum (including wages, superannuation and motor vehicle) for his position as Managing Director of the Company. Mr Ellison is also entitled to a travel allowance of up to \$10,000 per annum for family to travel with him on business related travel.

Mr Ellison is entitled to a maximum performance bonus for the reporting period of up to 25% of annual salary. Criteria for achievement, of which a bonus attaches to each component, are:

- The Company achieving budgeted net profit after tax;
- Growth of 10% in share price based on the movement between the average share price in July 2014 and July 2015; and
- Reaching specifically defined Key Performance Indicators.

Mr Ellison is employed under an ongoing contract which can be terminated with notice by either side. Mr Ellison may terminate the Managing Director Service Agreement and his employment with the Company at any

time by giving the Company 90 days written notice. The Company may also terminate the Managing Director Service Agreement and Mr Ellison's employment with the Company without cause at any time after the expiration of the Initial Term by giving Mr Ellison 90 days written notice or by making a payment in lieu of notice.

In the event of serious misconduct or where other specific circumstances warrant summary dismissal, the Company may terminate the Management Director Service Agreement and Mr Ellison's employment immediately without notice.

Upon termination of Mr Ellison's employment, he will be subject to a restraint of trade for a period of six months.

OTHER KMP

Remuneration arrangements for all other KMP are formalised in employment agreements. Standard KMP termination provisions are as follows:

	NOTICE PERIOD	PAYMENT IN LIEU OF NOTICE	TREATMENT OF STI ON TERMINATION	TREATMENT OF LTI ON TERMINATION
Resignation	4 weeks	4 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	4 weeks	Subject to Remuneration and Nomination Committee discretion. If not exercised, unvested awards forfeited	Subject to Board discretion. If not exercised, unvested awards forfeited

In addition to the above terms and conditions, Ms D Gauci is entitled to receive a travel allowance of up to \$10,000 per annum for family travel.

5 OPTIONS AND SHAREHOLDINGS OF KMP

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

YEAR END 30 JUNE 2014	BALANCE 1/7/13	SOLD/ FORFEITED	EXERCISED	BALANCE 30/6/14	VALUE OF OPTIONS EXERCISED/SOLD
DIRECTORS					
Mr G Ursini	1,000,000	(500,000)	–	500,000	\$700,000
Mr F Mann	750,000	(375,000)	–	375,000	\$525,000
Mr C Smerdon	750,000	(375,000)	–	375,000	\$525,000
Mr W Spurr	750,000	(600,000)	(150,000)	–	\$975,000
Mr J Ellison	2,250,000	(375,000)	(440,000)	1,435,000	\$1,053,000
KEY MANAGEMENT PERSONNEL					
Ms D Gauci	65,000	–	–	65,000	–
Mr T Waller	500,000	(250,000)	–	250,000	\$350,000
Mr A Haworth	31,250	–	–	31,250	–
Total	6,096,250	(2,475,000)	(590,000)	3,031,250	

YEAR END 30 JUNE 2015	BALANCE 1/7/14	SOLD/ FORFEITED	EXERCISED	BALANCE 30/6/15	VALUE OF OPTIONS EXERCISED
DIRECTORS					
Mr G Ursini	500,000	–	(500,000)	–	\$600,000
Mr F Mann	375,000	(77)	(374,923)	–	\$449,908
Mr C Smerdon	375,000	–	(375,000)	–	\$450,000
Mr J Ellison	1,435,000	–	(685,000)	750,000	\$897,000

KEY MANAGEMENT PERSONNEL

Ms D Gauci	65,000	(65,000)	–	–	\$84,500
Mr T Waller	250,000	(100,000)	(150,000)	–	\$300,000
Mr A Haworth	31,250	–	–	31,250	–
Total	3,031,250	(165,077)	(2,084,923)	781,250	

As at 30 June 2015 and 30 June 2014, all options to KMP had vested. In addition to the above, 200,000 (2014: Nil) share options, which vest in October, 2015 are held by other staff. As at 30 June 2014, 750,000 options were held by former directors, all of which have now been exercised

There were no share options issued to KMP during the year or 2014.

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

YEAR END 30 JUNE 2014	BALANCE 1/7/13	EXERCISE OF OPTIONS	ACQUIRED/ (SOLD)	BALANCE 30/6/14	AMOUNT PAID PER SHARE ON OPTION EXERCISE (\$)
DIRECTORS					
Mr G Ursini	5,000,000	–	–	5,000,000	
Mr F Mann	3,173,077	–	–	3,173,077	
Mr C Smerdon	6,250,000	–	–	6,250,000	
Mr W Spurr	–	150,000	–	150,000	1.20
Mr T Dodd	5,400,000	–	–	5,400,000	
Mr J Ellison	4,767,769	440,000	–	5,207,769	1.20

KEY MANAGEMENT PERSONNEL

Ms D Gauci	–	–	5,000	5,000	
Mr T Waller	–	–	10,000	10,000	
Mr P Victory	30,000	–	21,000	51,000	
Mr A Haworth	–	–	14,400	14,400	
Total	24,620,846	590,000	50,400	25,261,246	

YEAR END 30 JUNE 2015	BALANCE 1/7/14	EXERCISE OF OPTIONS	ACQUIRED/ (SOLD)	BALANCE 30/6/15	AMOUNT PAID PER SHARE ON OPTION EXERCISE (\$)
DIRECTORS					
Mr G Ursini	5,000,000	500,000	(500,000)	5,000,000	1.20
Mr F Mann	3,173,077	374,923	–	3,548,000	1.20
Mr C Smerdon	6,250,000	375,000	(275,000)	6,350,000	1.20
Mr W Spurr	150,000	–	–	150,000	–
Mr T Dodd	5,207,769	685,000	(380,000)	5,512,769	1.31
Mr J Ellison					
KEY MANAGEMENT PERSONNEL					
Ms D Gauci	5,000	–	–	5,000	–
Mr T Waller	10,000	150,000	(10,000)	150,000	1.20
Mr P Victory	51,000	–	11,835	62,835	–
Mr A Haworth	14,400	–	–	14,400	–
Total	25,261,246	2,084,923	(1,153,165)	26,193,004	

All equity transactions with KMP have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

6 REMUNERATION GOVERNANCE

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee comprises two independent NEDs. This committee has delegated authority for matters related to remuneration arrangements for executives, and is required to make recommendations to the Board on other matters.

Specifically, the Board approves the remuneration arrangements of the CEO and other executives and all awards made under any long term incentives, following recommendations from the Remuneration and Nomination Committee. The Board also sets the aggregate remuneration of all NEDs, which is then subject to shareholder approval. The Remuneration and Nomination Committee approves, having regard to the recommendations made by the CEO, the level of the short-term annual performance incentives for KMP or any discretionary bonuses.

The Remuneration and Nomination Committee meets regularly throughout the year. The CEO attends certain Remuneration and Nomination Committee meetings by invitation, where management input is required. However, the CEO is not present during discussions related to his own remuneration arrangements.

REMUNERATION CONSULTANTS

To ensure the Remuneration and Nomination Committee is fully informed when making remuneration decisions, it seeks external remuneration advice where required. Remuneration consultants are engaged by, and report directly to, the Committee. In selecting remuneration consultants, the Committee considers potential conflicts of interest and requires independence from the Group's key management personnel and other executives as part of their terms of engagement.

No Remuneration Consultants were utilised during the 2014–15 financial year. During the previous financial year, AME was paid \$10,374 for their Remuneration and Consulting services which also included providing Executive job descriptions.

CORPORATE GOVERNANCE



The Board of Directors of SeaLink Travel Group Ltd (“SeaLink”) are 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.

The underlying principles are as follows –

1. Lay solid foundations for management and oversight;
2. Structure the Board to add value;
3. Act ethically and responsibly;
4. Safeguard integrity in corporate reporting;
5. Make timely and balanced disclosure;
6. Respect the rights of shareholders;
7. Recognise and manage risk; and
8. Remunerate fairly and responsibly.

Each of these principles are dealt with in detail on the following pages.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**RECOMMENDATION 1.1 – ROLE OF THE BOARD AND MANAGEMENT**

The Board is accountable to the Shareholders for the performance of the Company and has overall responsibility for its operations. Day to day management of the Company's affairs, and the implementation of the corporate strategy and policy initiatives, is formally delegated by the Board to the Managing Director.

The key responsibilities of the Board include:

- Approving the strategic direction and related objectives of the Company and monitoring management performance in the achievement of these objectives;
- Adopting budgets and monitoring the financial performance of the Company;
- Reviewing the performance of the Managing Director;
- Overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- Overseeing the implementation and management of effective safety and environmental performance systems;
- Ensuring all major business risks are identified and effectively managed;
- Ensuring that the Company meets its legal and statutory obligations; and
- Ensuring compliance with ASX Listing Rules disclosure requirements.

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Company's expense, unless the Board determines otherwise. The Board schedules meetings on a regular basis and other meetings as and when required.

Information provided to the Board includes all material information on the Group's operations, budgets, cash flows, funding requirements, shareholder movements and share pricing, assets and liabilities, disposals, financial accounts, external audits, internal controls, risk assessments and new venture proposals.

RECOMMENDATION 1.2 – DIRECTOR CHECKS

Once it has been agreed that a new director is to be appointed, a search will be undertaken, sometimes using the services of external consultants. Nominations would then be received and reviewed by the Board. Appropriate checks are undertaken on potential candidates prior to appointment.

Director's details, including their relevant qualifications and experience, the skills they bring to the Board and details of any other material Directorships are disclosed in the Annual Report and on the Company's website. Directors are required to table at Board meetings details of new Directorships and any conflicts of interest.

RECOMMENDATION 1.3 – WRITTEN AGREEMENT WITH EACH DIRECTOR AND SENIOR EXECUTIVE

Non-Executive Directors are engaged by the Company under letters of appointment and senior executives are engaged under service contracts. These address the roles and responsibilities of individuals.

Details of remuneration and key elements of contracts for Executives are set out in the Remuneration Report in the Annual Report.

RECOMMENDATION 1.4 – COMPANY SECRETARY ACCOUNTABILITY

The Company Secretary reports directly to the Board, through the Chairperson, on all matters to do with the functions of the Board.

RECOMMENDATION 1.5 – DIVERSITY

The Group recognises that a talented and diverse workforce is a key competitive advantage and our success is a reflection of the quality and skills of our people. SeaLink benefits by bringing together high quality people of different gender, age, ethnicity and cultural backgrounds who possess a diverse range of experiences and perspectives.

The Group fosters a culture in which all people treat each other with mutual respect and are recruited, developed and promoted on the basis of merit.

To support its commitment, the Group has adopted a Diversity Policy. Under the Policy, the Board is responsible for establishing measurable diversity objectives and reviewing progress in achieving the objectives on an annual basis. All employees also are responsible for supporting and maintaining SeaLink's corporate culture including its commitment to diversity in the workplace.

The key objectives of this Policy which support SeaLink's corporate objectives aims to –

- Recruit the right people from a diverse pool of high quality candidates. People will be recruited on the basis of competence and performance regardless of age, ethnicity, gender or cultural background;
- Make more informed and innovative decisions, drawing on a wide range of experience and perspectives that employees from diverse backgrounds and different skill sets bring to their roles.
- Provide equal opportunities based on merit.

The following Diversity objectives have been established by the Board, with a goal of achieving these targets by June 2018:

- Increase overall female representation on the Board to 20%;
- Achieve greater than 40% female representation for Key Management Personnel (“KMP”) and senior management roles;
- Maintain the proportion of non-senior management positions held by females to over 40%;
- Pro-actively educate all business leaders around diversity and cultural awareness.

RECOMMENDATION 1.6 – BOARD PERFORMANCE ASSESSMENT

The Board undertakes an informal process of assessment of individual performance of Directors and its Committees along with their composition on an annual basis. During the reporting year, the Board has undertaken an assessment of individual Directors performance through individual discussion between the Chairperson and each Director.

Committee composition and performance is reviewed at the annual Board strategic review meeting.

RECOMMENDATION 1.7 – PERFORMANCE EVALUATION OF SENIOR EXECUTIVES

The Board regularly evaluates management’s performance against various criteria, and requires senior executives to formally address the Board on execution of strategy and associated issues.

Senior Executive performance is evaluated each year and was undertaken as follows –

- The Chief Executive Officer’s performance was undertaken by the Remuneration Committee;
- Senior Executive’s performance was reviewed by the Managing Director, with an oversight of their objectives and performance made by the Remuneration Committee.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

It is the role of the Board to oversee the management of the Company and it may establish appropriate committees to assist in this role. The Board has an Audit and Risk Committee and a Remuneration and Nomination Committee.

The composition of the committees is as follows:

Nomination and Remuneration Committee (Refer 2.1) – Comprises Messrs Lucy Turnbull (Chairperson), William Spurr.

Audit and Risk Committee (Refer 4.1) – Committee comprises Messrs William Spurr (Chairperson), Frederick Mann and Christopher Smerdon.

- Each committee has a charter approved by the Board;
- And each committee will maintain minutes of each meeting of the committee, which will be circulated to all Directors.

RECOMMENDATION 2.1 – NOMINATION AND REMUNERATION COMMITTEE

The Committee is responsible for the following matters:

- Remuneration policy and any changes to remuneration policy and practices for the key management personnel of the Company and all employees whose remuneration is not determined through Awards or

Enterprise Bargaining Agreements;

- The remuneration for the Managing Director and members of the Executive Management Team, being those Executives reporting to the Managing Director;
- Performance based (at-risk) components of remuneration and targets for the Company’s financial performance as they relate to incentive plans;
- Allocation made under all equity-based remuneration plans;
- The remuneration for non-executive Directors including the Chairperson and Committee Chairs and payments to non-executive Directors for additional duties undertaken on behalf of the Company;
- The review and assessment of the effectiveness of the Company’s Remuneration Policy;
- Corporate governance process relating to remuneration;
- The Remuneration Report and process supporting its preparation;
- Board composition and Board skills matrix.

RECOMMENDATION 2.2 – BOARD SKILLS MATRIX

Board composition is reviewed periodically either when a vacancy arises or if it is considered the Board would benefit from the services of a new director. This ongoing assessment is based on giving due consideration to a skills matrix assessment, existing experience of the Board and matching these to the strategic objectives of the Company.

Key skills, knowledge and experience which are considered in the Board skill’s matrix are in the areas of –

- Public Company
- Tourism & Transport Industries
- Tourism/Marketing/Sales
- Finance / Accounting
- Risk Management
- Strategic Planning
- Government Relations
- Mergers & Acquisitions
- Legal / Regulatory / Business contracts
- Board Corporate Governance
- Industrial Relations / People Management
- Marine and Asset Knowledge – vessels, buses

The Directors consider the size and composition of the Board are appropriate given the size and status of the Company. However the composition of the Board will be subject to review in a number of ways:

- The Constitution provides that at every annual general meeting, one third of the Directors shall retire from office but may stand for re-election;
- Remuneration of the non-executive directors is reviewed and approved by the Board. The maximum aggregate annual remuneration which may be paid to non-executive directors is currently \$580,000. This cannot be increased without approval of the Company's shareholders.
- Remuneration of the Managing Director is reviewed and approved on an annual basis by the non-executive directors and based on a recommendation of the Remuneration and Nomination Committee.

RECOMMENDATION 2.3 AND 2.4 – DIRECTOR'S INDEPENDENCE.

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any

part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

Corporate Governance Council Recommendation 2.4 requires a majority of the Board to be independent directors. In addition, Recommendation 2.5 requires the chairperson of the Company to be independent. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement.

In accordance with this definition, Mr Andrew McEvoy (Chairperson), Mr William Spurr, Mr Frederick Mann and Ms Lucy Hughes Turnbull are independent. The following Directors are not considered to be independent due to them being substantial shareholders (holding more than 5% of Issued Capital).

<u>NAME</u>	<u>POSITION</u>
Jeffrey Ellison	Managing Director
Christopher Smerdon	Non-Executive Director
Terry Dodd	Non-Executive Director

The Company considers industry experience and specific expertise to be important attributes of its Board members and therefore believes that the composition of the Board is appropriate given the size and development of the Company at the present time.

RECOMMENDATION 2.5 – INDEPENDENT CHAIRPERSON AND MANAGING DIRECTOR

The Chairperson is an Independent Director and the Chairperson and Managing Director are separate persons.

RECOMMENDATION 2.6 – COMPANY INDUCTION AND PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Company has an established program for the induction of new Directors. This induction covers all aspects of the business including the provision of information, past meeting details, business plans, access to Senior Management and site visits to ensure that the new Director can fulfil their responsibilities.

The Directors, the Board and any Board Committee may seek external professional advice, as considered necessary, at the Company's expense, with the consent of the Chairperson and assistance from the Company's Secretary. If appropriate, any advice received will be made available to all Directors.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

RECOMMENDATION 3.1 – CODE OF CONDUCT

The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Company intends to maintain a reputation for integrity. The Company's officers and employees are required to act in accordance with the law and with the highest ethical standards.

The standards expected of employees include:

- Compliance with all company policies, procedures, rules, and contractual obligations;
- Compliance with all relevant industry legislative requirements in the performance of all duties;
- Adherence to appropriate Professional Codes of Practice and/or Ethics;
- Compliance with all reasonable and lawful instructions of Managers/ Supervisors;
- Observation of occupational health and safety rules, responsibilities and practices at all times;
- Adherence, to the confidentiality of any information, records or other sensitive material acquired, during the course of employment and/or after the cessation of employment with the Company;
- Honesty and fairness in all dealings with customers, clients, co-workers, management and the general public;

- Respect for all Company equipment, supplies and property;
- Not to make any unauthorised statements to the media about the Company's business (requests for media statements must be referred to the appropriate manager/ supervisor or responsible person);
- No displays of aggression or fighting in the workplace;
- No offensive language and/or behaviour in the workplace;
- No unlawful discrimination or harassment in the workplace;
- Not to consume or be under the influence of alcohol or other drugs whilst in the workplace with reference to in house functions exceptions detailed in the Alcohol and Other Drugs Policy.

Securities Trading Disclosure

The Company has adopted a formal policy for dealing in the Company's securities by Directors, senior management and other employees ("designated persons") with effect from the listing of the Company on the ASX. This sets out their obligations regarding disclosure of dealing in the Company's securities.

The Constitution permits Directors to acquire securities in the Company, however Company policy prohibits designated persons from dealing in the Company's securities at any time whilst in possession of price sensitive information. In addition to this general prohibition, designated persons may only deal in the Company's securities

at any time subject to the following exclusions:

- From the close of business on 31 December to the opening of the ASX on the first trading day after the Company's half-year results are released to the ASX; and
- From the close of business on 30 June to the opening of the ASX on the first trading day after the company's full-year results are released to the ASX.

Dealing in the Company's Securities by Designated Persons outside the above trading window(s) is prohibited.

In addition, designated persons proposing to deal in the Company's securities must notify the Company of their intention and receive confirmation from the Company to allow them to deal in the Company's securities.

In accordance with the provisions of the Corporations Act and the Listing Rules, the Company will advise ASX of any transaction conducted by Directors in the securities of the Company.

This policy was updated and approved by the Board on 22nd July, 2015.

A copy of this policy is contained on the SeaLink website at www.SeaLinktravelgroup.com.au

PRINCIPLE 4 – SAFEGUARDING INTEGRITY IN CORPORATE REPORTING**RECOMMENDATION 4.1 –
AUDIT AND RISK COMMITTEE**

This Committee provides assistance to the Board in fulfilling its corporate governance responsibilities in relation to the Company's effectiveness of its control environment in the areas of business risk, financial risk, and compliance with legal/regulatory requirements.

The Audit and Risk Committee's primary responsibilities are to:

- Assess whether the Company's external reporting is legally compliant, consistent with committee members' information and knowledge and suitable for Shareholder needs;
- Assess the management processes supporting external reporting;
- Liaise with the external auditors and ensure that the audit review is conducted in an effective manner;
- Make recommendations for the appointment or removal of auditors;
- On an annual basis, assess the performance and independence of the external auditors;

- Monitor the coordination of the internal and external audits in so far as they relate to the responsibilities of the committee;
- Recommend to the Board and then promulgate clear standards of ethical behaviour required of Directors and key executives and encourage observance of those standards;
- Recommend to the Board and then promulgate and maintain a sound system of risk oversight and management and internal control which:
 - Identifies, assesses, manages and monitors risk; and
 - Informs investors of material changes to the Company's risk profile; and
 - Recommend to the Board and then promulgate and maintain a system to ensure compliance with all environmental and occupational health and safety regulations and legislation.

**RECOMMENDATION 4.2 –
FINANCIAL DECLARATIONS FROM
THE MANAGING DIRECTOR AND CFO**

The Managing Director and CFO are required to make a declaration that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards, and to provide assurance that the declaration is founded on a safe system of risk management and internal controls, and that the system is operating efficiently in all material respects.

**RECOMMENDATION 4.3 –
EXTERNAL AUDITORS**

The policy of the Company and the Audit Committee is to appoint an external auditor which clearly demonstrates quality and independence. The performance of the auditor is assessed by the Audit and Risk Committee annually.

The external auditor is required to attend the AGM and be available to answer any shareholder questions about the conduct of the audit and the preparation and the content of the audit report.

PRINCIPLE 5 – MAKING TIMELY AND BALANCED DISCLOSURE**RECOMMENDATION 5.1 –
DISCLOSURE POLICY**

The Company has a policy that all shareholders and investors have equal access to the Company's price sensitive information.

The Board has the responsibility to ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act and ASX Listing Rules.

Shareholder Communication

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

Information is communicated to Shareholders through:

- Annual and half-yearly financial reports;
- Annual and other general meetings convened for Shareholder review and approval of Board proposals;
- Continuous disclosure of material changes to ASX for open access to the public; and
- The Company's website, where all media releases are published.

Shareholders are invited to raise any queries through the Company Secretary.

PRINCIPLE 6 – RESPECTING THE RIGHTS OF SHAREHOLDERS

RECOMMENDATION 6.1 – INFORMATION ON THE WEBSITE

The Company provides information about itself and governance to investors via its website which includes the Company's Corporate Governance Statement.

The website also includes links to copies of its annual reports and financial statements, ASX announcements, Notices of Meetings as well as an overview of the Company's business activities.

The Company's "Corporate" website can be located at www.SeaLinktravelgroup.com.au

SeaLink's financial calendar is also available via the 'Investor Centre' at this address.

Shareholders are able to access information relevant to their holding via SeaLink's appointed share registry services company, Boardroom Limited. Their website is at www.boardroomlimited.com.au.

RECOMMENDATION 6.2 – INVESTOR RELATIONS

The Board strives to ensure that Shareholders are provided with sufficient information to assess performance of the Company and its Directors and to make well-informed decisions. As required under the ASX listing rules covering continuous disclosure, SeaLink will immediately disclose any information that a reasonable person would expect to have a material effect on the value of its securities.

The Company's main objectives are for concise communication and easy access to information. This is communicated to Shareholders through:

- Annual and half-yearly accounts.
- Reports and Presentations associated with AGM's, half and full year's results.
- Annual and other general meetings convened for Shareholder review and approval of Board proposals;
- Continuous disclosure of material changes to ASX for open access to the public; and
- The Company's website, where all media releases are published.

RECOMMENDATION 6.3 – PARTICIPATION AT SHAREHOLDER MEETING

The Chairperson will permit Shareholders to ask questions about SeaLink's business operations, the remuneration report, the conduct of the audit and the preparation and content of the audit report and other items of business at the AGM.

SeaLink will request the External Auditor to attend the AGM to be able to answer any shareholder questions about the conduct of the audit and the preparation and the content of the audit report.

RECOMMENDATION 6.4 – ELECTRONIC COMMUNICATION

Shareholders, who have made an election, receive communication including the Company's Annual Report on the Company's website or by email. The Company has the capability to communicate with Shareholders electronically through its website, email communications and via the share registry. Electronic contact details are provided on the Company's website.

PRINCIPLE 7 – RECOGNISING AND MANAGING RISK

The identification, monitoring and, where appropriate, the reduction of significant risk to the Company will be the responsibility of the Board and the Audit and Risk Committee.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts are prepared and reviewed with the Managing Director at subsequent Board meetings. Budgets are prepared and compared against actual results.

The potential exposures with running the Company have been managed by the appointment of senior staff who have significant broad-ranging industry experience, work together as a team and regularly share information on current activities.

RECOMMENDATION 7.1 – RISK COMMITTEE

The Audit and Risk Committee is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

Refer Section 4.1 for a complete list of responsibilities.

The Audit and Risk Committee members are all required to possess sufficient technical expertise and industry knowledge to fulfil the functions of the Committee. It is composed of at least 3 Directors, the majority of who are independent, and it is chaired by an independent Director. Details of the relevant qualifications and experience of the members of the Committee and the number of times the Committee has met are detailed in the Annual Report.

RECOMMENDATION 7.2 – ANNUAL RISK REVIEW

Management report to the Board on the effectiveness of the Company's material business risks. The risk management framework is reviewed at least annually by the Audit and Risk Committee.

The Managing Director and the Chief Financial Officer are required to make a declaration in accordance with Section 259A of the Corporations Act that the Company's financial statements present a true and fair view of all material aspects of the Company's financial condition and operational results and are in accordance with relevant accounting standards. They also provide assurance that the declaration is funded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects.

RECOMMENDATION 7.3 – INTERNAL AUDIT

The Company does not have a formal internal audit function. However, the Company Management periodically undertakes an internal review of key financial systems and processes through an internal audit program. Where required, external consultants are used to support this program and will report to the Audit and Risk Committee as well as Company Management.

Delegations of Authority are reviewed annually by the Audit and Risk Committee and approved by the Board.

RECOMMENDATION 7.4 – SUSTAINABILITY RISKS

The Board is regularly briefed by management and involved in discussions in relation to material exposure to economic, environmental and social sustainability risks facing the Company.

As part of the Group risk structure, management operates a Group Risk Committee which reviews all material risks covering all business units. Risk assessments are undertaken using an agreed framework where risk ratings are assigned.

Risks which are assessed include economic, environmental and sustainability risks.

Members of the Group Risk Committee include amongst others the Managing Director, Chief Financial Officer, Chief Information Officer, Group Risk Officer and the National Marine Fleet Manager.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

RECOMMENDATION 8.1 – NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee reviews and makes recommendations on Director and senior executive remuneration and overall staff remuneration and incentive policies.

Refer Section 2.1 for specific responsibilities.

The Nomination and Remuneration Committee has 2 members, both of whom are independent. Details of the relevant qualifications and experience of the members of the Committee and the number of times the Committee has met are detailed in the Annual Report.

RECOMMENDATION 8.2 – DISCLOSURE OF REMUNERATION POLICIES AND PROCEDURES

SeaLink's remuneration policy ensures that remuneration packages properly reflect the person's duties and responsibilities, and the remuneration is competitive in attracting, retaining and motivating people of suitable quality.

The Nomination and Remuneration Committee reviews and makes recommendations on Director and senior executive remuneration and overall staff remuneration and incentive policies. When making recommendations, the Committee aims to design policies that attract and retain the executives needed to run the Company successfully and to motivate executives to pursue appropriate growth strategies whilst aligning shareholder return with remuneration.

Remuneration for executives typically comprises a package of fixed and performance based components. The committee may, from time to time, seek advice from specialist remuneration consultants so as to ensure that the Board remains informed of benchmarks, market trends and practices, and did so this financial year.

Remuneration comprises of several key elements:

- Fixed remuneration;
- Annual performance incentives; and
- Where a specific business need arises, retention incentives are offered through options or retention bonuses.

There is no requirement for either the Managing Director or Key Management Personnel to hold shares in the Company.

Executive remuneration and the terms of employment are reviewed annually having regard to personal and corporate performance, contribution to long-term growth, relevant comparative information and independent expert advice. As well as base salary, remuneration packages include superannuation, performance related bonuses and may include fringe benefits.

The Company does not subscribe, at a senior level, to the philosophy of excessive 'at risk components' at a cash salary level but seeks to reward employees with a market competitive base rate. It considers that employment should be 'at risk' if performance does not deliver results or is at an unacceptable level.

Performance related remuneration for key management during the 2014–15 financial year was tied to Company profitability.

All remuneration paid to Directors and executives is measured at the cost to the Company and expensed. Shares provided to Directors and executives are valued as the difference between the market price and the amount paid for those shares.

RECOMMENDATION 8.3 – POLICY ON EQUITY BASED REMUNERATION SCHEMES

The Company did not have an equity based remuneration scheme for its employees or Directors. Share options are used sparingly as an incentive to retain, reward and attract candidates of suitable quality.

The Company's Securities Trading Policy specifically prohibits Directors, officers and employees from entering into transactions or arrangements which limit the economic risk of unvested entitlements under an employee share scheme. A copy of the Company's Share Trading Policy can be found at www.SeaLinktravelgroup.com.au

Departures from ASX Corporate Governance Council "Principles of Good Corporate Governance and Best Practice Recommendations"

The corporate governance practices of the Company are compliant with ASX Corporate Governance Council's best practice recommendations with the exception of the departures in relation to the following:

- Size of the Nomination and Remuneration Committee.

Approved by the Board
27th July, 2015

