

SEALINK TRAVEL GROUP LTD
TABLE OF CONTENTS
FINANCIAL REPORT AND APPENDIX 4D
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	<u>Page No.</u>
Results for announcement to the market	2
Half-year financial report	
Directors' Report	3
Auditor's Independence Declaration	7
Interim Consolidated Statement of Comprehensive Income	8
Interim Consolidated Statement of Financial Position	9
Interim Consolidated Statement of Changes in Equity	10
Interim Consolidated Statement of Cash Flows	11
Notes to the Financial Statements	12 - 15
Directors' Declaration	16

SEALINK TRAVEL GROUP LTD
ASX APPENDIX 4D
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results in brief

	Dec 2014 \$m	Dec 2013 \$m	Change \$m	Change %
Revenue from ordinary activities	57.2	52.4	4.8	9.2
Net Profit Before Tax	6.7	4.9	1.8	37.0
Profit from ordinary activities after tax attributable to members	4.7	3.4	1.3	37.0

Note - 2013 includes ASX Listing costs of \$0.9m before tax.

Dividends

	Amount per Share (Cents)	100% Franked Amount per Share (Cents)
31 December 2014		
Interim Dividend	3.8	3.8
30 June 2014		
Interim Dividend	3.66	3.66
Final Dividend	3.7	3.7

1. The record date for determining entitlements to the interim dividend of 3.8 cents per share is 2 April 2015. The payment date for the interim dividend is 15 April 2015.
2. Final dividend of 3.7 cents per share for the year ended 30 June 2014 was declared 21 August 2014.

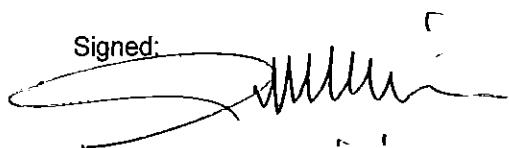
Net tangible assets

	Dec 2014 \$	Dec 2013 \$
Net tangible backing per ordinary share	0.67	0.564

The report is based on accounts which have been reviewed by the auditor of SeaLink Travel Group Ltd. There have been no matters of disagreement and a report of its review appears in the half-yearly financial report.

This report should be read in conjunction with the Statutory Accounts for the year ended 30th June, 2014.

Signed:



G.M. Ursini
Chairman
5 February 2015

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT

The Board of Directors of SeaLink Travel Group Ltd has pleasure in submitting its report for the half-year ended 31 December, 2014.

Directors

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

Giuliano M. Ursini – (B. Arch, FRAIA.) - Chairman

Jeffrey R. Ellison (BA (Acc), FCA, FAICD) - Managing Director and Chief Executive Officer

Frederick A. Mann - (FCA, MAICD)

Christopher D. Smerdon - (MAICD)

William T. Spurr AO - (B.App, Science, B.Ec., Dip T, FAICD)

Terry J. Dodd

Lucinda Hughes Turnbull AO - (LLB (USyd), MBA (UNSW))

Andrew J. McEvoy – (BA Arts, MA Int. Comms) appointed 1st February, 2015.

Review of operations and results

Result Overview

In a period of consolidation across the Group, SeaLink Travel Group (STG) continued its sales growth and achieved solid profit returns during the first half of 2014/15.

The company recorded a net profit before tax (PBT) of \$6.7m compared to \$4.9m for the previous half. Included in the 2013/14 half year result were share listing expenses of \$0.9m incurred in the capital raising of a gross \$16.5m. Adjusting for these 2013 expenses, the PBT for the half year was up 15% over the previous half year to December 2013.

Net Profit after Tax (NPAT) was \$4.7m compared to an NPAT of \$3.4m for the December 2013 half year. From a comparative perspective, the December 2013 half year included the after-tax effect of the share listing costs of \$0.6m.

Growth in the PBT reflected a higher contribution from SeaLink's SA's operations which saw a combination of higher sales reflecting increased passenger and vehicle traffic and lower vessel repair costs. Captain Cook Cruises also increased its profit contribution compared to 2013 due to higher turnover and consequent margin. Revenue growth came through the full year effect of the various charter contracts with Harbour City Ferries, Convention Centre and Biennale. The Murray Princess also experienced solid revenue and gross margin increases.

In a very competitive environment, revenue increased by 9.2% on the back of the full year effect of Darwin and growth in its core businesses of Captain Cook Cruises and Kangaroo Island SeaLink. Turnover from SeaLink Queensland in Townsville increased marginally with more services to Palm Island and higher revenue for its core Magnetic Island ferry service.

STG invested in an additional vessel to accommodate demand for contract work on Sydney Harbour. One new "rocket" type vessels was delivered mid-November taking the overall fleet to 26 vessels.

STG also invested in its current fleet with a major upgrade to the Reef Cat ferry, based in Townsville, extending the vessels life for years. This vessel is predominantly used for the Palm Island ferry service.

STG Directors today declared a fully franked interim dividend of 3.8 cents per share.

Andrew McEvoy was appointed to the Board effective 1st February, 2015. Andrew has extensive experience in the tourism sector, having held Managing Director positions with both Tourism Australia and the South Australian Tourist Commission. He is currently Managing Director Marketing Services of Fairfax Media.

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

Review of Operations

STG's achievements in its key business segments for the first half were:

- Completion and Christening of the 4th new build "Rocket" ferry Violet McKenzie;
- Signing a further 4 year contract for ferry services to Tiwi Islands;
- Replacement of the Murray Princess paddle and further cabin upgrades;
- Upgrade of the Sydney 2000 upper deck;
- Appointment of Andrew McEvoy as a new Director; and
- Upgrade to the Reef Cat.

Kangaroo Island SeaLink

The business unit had an excellent first half where external revenue increased by 6.2% to \$26.5m on the back of increased traffic flow to Kangaroo Island and improved touring and accommodation package sales. Passengers increased by 4% whilst vehicles increased by 3%. Freight also saw very strong increases in volume, up 11%.

Following website changes to make bookings easier, as well as extending the number of products on-line, accommodated packaging sales grew by \$0.5m. Turnover from SeaLink's retail travel centres reduced by \$0.4m with the continuing trend for more tourists booking holidays direct through the internet.

Spend on vessel repair and maintenance reduced substantially given the major upgrade undertaken on the Sealion 2000 in 2013. Both Kangaroo Island ferries underwent their standard survey requirements which did not involve any major works. Overall, this expense was down \$0.9m for the half year. There are no major works planned for the second half year with both vessels performing well.

As a result of higher sales, lower repairs and maintenance and fuel savings, the overall business segment contribution before Corporate allocation and interest increased by 32% to \$5.4m.

The new Penneshaw Terminal, the gateway to Kangaroo Island at Penneshaw, is performing well and has been a valuable investment in customer service for SeaLink. A liquor licence was recently 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 one new Scania purchased for Kangaroo Island Tours and one replacement 4 Wheel Drive for its Kangaroo Island Odyssey business.

Captain Cook Cruises (CCC)

The first half of 2014-15 continued the business unit's growth in sales and profitability. Sales increased by \$2.1m or 10.4%, with the majority of growth coming from contracts with Harbour City Ferries, where CCC provide charter vessels for passenger ferry services on Sydney Harbour. The core products of lunch, dinner and sightseeing cruises were down on last year due to less 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 first half.

Passenger numbers on the Murray Princess grew by 5.4% which helped revenue increase by a similar amount.

Net profit result for the segment contribution before Corporate allocation and interest was an increase of 22% to \$2.9m reflecting higher sales and gross margin.

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

In December 2014, the Murray Princess, as part of its scheduled out-of-water docking, underwent a major upgrade with the replacement of the propulsion paddle wheel. This was in addition to further upgrades to cabins as part of a continual upgrade program. Since acquisition, 25 of the 60 cabins have been fully refurbished.

In January 2015, the popular Hop-On Hop-Off product was extended to Manly taking the number of stops on the service to 10. The additional leg is proving to be a popular stop, especially during the peak holiday period.

A major refit of the upper deck of the Sydney 2000 was undertaken with new carpet, furniture and upgraded galley fit-out and floor.

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

SeaLink Queensland

The major investment in the Townsville Business Unit was the upgrade of the Reef Cat, where substantial works were undertaken on the super structure. These included seating replacement, windows, ceiling, carpet and air conditioning. A total of \$0.9m was expended in line with the budget of which \$0.6m was expensed. This level of expenditure was required to ensure that the Reef Cat could continue to service Palm Island for the remainder of the 5 year contract.

With an additional \$0.7m expended on vessel repairs and maintenance compared to last year's half, SeaLink Queensland profit contribution reduced by \$0.6m. Turnover from the Magnetic Island operation grew marginally increasing by 1.5%, reflecting passenger increases whilst additional services to Palm Island grew revenue.

Charter income was subdued with only 3 contracts in the first 3 months of the half year.

SeaLink Northern Territory

Following a successful charter period in Sydney, the Freedom Sovereign (renamed "Tiwi Mantawi "meaning Tiwi Island friend) was transferred to Darwin in August 2013 which allowed for the return of the Pacific Cat to Townsville. The Tiwi Mantawi has 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 removed the need for SeaLink to charter a shuttle vessel.

In December 2014, the Tiwi contract was signed for a further 4 year period after an initial trial of 12 months. The maturity of the contract aligns with the Mandorah ferry service contract. The service is well supported and operating above initial expectations.

SeaLink NT's revenue increased by \$0.7m compared to last year, with the business operating for the full 6 months (commenced mid 2013). Darwin Harbour tours commenced in June 2014 for the winter period and proved to be popular adding to sales turnover.

Net contribution from NT operations has been positive and slightly ahead of plan for the first half.

Dividend

STG's directors today declared a 3.8 cents per share fully franked interim dividend payable on 15 April 2015 to shareholders registered on 4 April 2015. This represents a 63% 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 2013 was 3.66 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.

Matters subsequent to the end of the financial half year

Sealink has entered into an Agreement to purchase two passenger ferries from Sunrop Pty Ltd, a company associated with Mr Terry Dodd. The purchase price was \$6,000,000 and is subject to shareholders' approval. These ferries will be used to expand services on Sydney Harbour as well as service demand for existing products.

The company has also entered into an agreement to construct a floating pontoon for \$541,000 which will be used in Sydney Harbour.

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

Outlook

Fuel prices have decreased substantially since the start of the financial year and are currently providing substantial savings compared to planned 2014-15 expenditure, although partly offset by the fuel hedge which expires in April 2015. SeaLink uses approximately 4.7m litres of fuel in all business units. Should the current price level continue further savings will emerge.

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

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

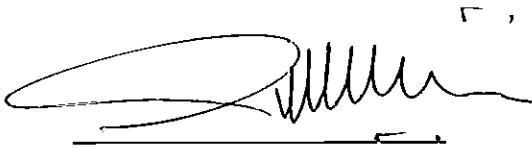
Rounding

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 7.

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



G. M. URSINI
DIRECTOR

Adelaide
Date: 5 February 2015



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working world

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Auditor's Independence Declaration to the Directors of Sealink Travel Group Limited and its controlled entities

In relation to our review of the financial report of Sealink Travel Group Limited and its controlled entities for the half-year ended 31 December 2014, 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
5 February 2015

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Note	Consolidated 2014 \$'000	Consolidated 2013 \$'000
Continuing Operations			
Revenue		56,523	51,854
Other income		693	594
Total income	14	57,216	52,448
Direct Operating Expenses-			
Direct wages		12,703	11,190
Repairs and maintenance		3,723	3,329
Fuel		2,377	2,528
Commission		3,087	2,832
Meals and beverage		3,247	3,032
Accommodation		1,957	1,778
Tour Costs		5,426	5,172
Other direct expenses		5,777	5,412
Administration Expenses-			
Indirect wages		7,455	6,842
General and administration		3,222	2,817
Marketing and selling		1,028	939
Financing charges		495	759
Listing costs	9	-	914
Total Expenses		50,497	47,544
Profit before tax from continuing operations		6,719	4,904
Income tax expense	5	2,017	1,473
Profit for the period from continuing operations		4,702	3,431
Profit for the period		4,702	3,431
Other comprehensive income		-	-
Total comprehensive income for the period, net of tax		4,702	3,431
Profit and total comprehensive income for the period is attributable to:			
Owners of the parent		4,702	3,431
Earnings per share-			
Basic, profit for the period attributable to ordinary equity holders of the parent		\$ 0.062	\$ 0.056
Diluted, profit for the period attributable to ordinary equity holders of the parent		\$ 0.061	\$ 0.050

Notes to and forming part of the financial statements are included on Pages 12 to 15.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Consolidated 31 DECEMBER 2014 \$'000	Consolidated 30 JUNE 2014 \$'000
CURRENT ASSETS			
Cash and cash equivalents	7	6,235	4,448
Trade and other receivables		4,474	2,959
Other financial assets	8	-	90
Inventories		1,446	1,376
Prepayments		1,106	1,392
TOTAL CURRENT ASSETS		13,261	10,265
NON-CURRENT ASSETS			
Property, plant and equipment	6	68,625	67,194
Intangible assets		6,629	6,629
Deferred tax assets		2,538	2,658
TOTAL NON-CURRENT ASSETS		77,792	76,481
TOTAL ASSETS		91,053	86,746
CURRENT LIABILITIES			
Trade and other payables		7,123	6,296
Other financial liabilities	8	104	-
Unearned revenue		4,349	3,744
Interest bearing loans and borrowings	8	1,631	1,511
Current tax liabilities		1,142	1,706
Provisions		4,778	3,868
TOTAL CURRENT LIABILITIES		19,127	17,125
NON-CURRENT LIABILITIES			
Unearned revenue		1,407	1,492
Interest bearing loans and borrowings	8	9,410	12,031
Deferred tax liabilities		1,061	865
Provisions		499	1,290
TOTAL NON-CURRENT LIABILITIES		12,377	15,678
TOTAL LIABILITIES		31,504	32,803
NET ASSETS		59,549	53,943
EQUITY			
Contributed equity	9	33,904	30,164
Reserves		470	464
Retained earnings		25,175	23,315
TOTAL EQUITY		59,549	53,943

Notes to and forming part of the financial statements are included on Pages 12 to 15.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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		-	3,431	-	3,431
Total comprehensive income for the period		-	3,431	-	3,431
Transactions with owners in their capacity as owners-					
Dividends paid or provided for	13	-	(2,901)	-	(2,901)
Issue of share capital		15,251	-	-	15,251
Balance at 31st December, 2013		24,002	22,110	464	46,576
Balance at 1st July, 2014		30,164	23,315	464	53,943
Profit for the period		-	4,702	-	4,702
Total comprehensive income for the period		-	4,702	-	4,702
Transactions with owners in their capacity as owners-					
Issue of share options		-	-	6	6
Dividends paid or provided for	13	-	(2,842)	-	(2,842)
Issue of share capital	9	3,740	-	-	3,740
Balance at 31st December, 2014		33,904	25,175	470	59,549

Notes to and forming part of the financial statements are included on Pages 12 to 15.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Note	Consolidated 2014 \$'000	Consolidated 2013 \$'000
Cash flows from operating activities			
Receipts from customers		57,640	50,608
Payments to suppliers and employees		(46,743)	(41,620)
Net GST paid		(1,447)	(416)
Interest received		777	26
Interest paid		(1,128)	(758)
Income tax (paid) / received		(2,270)	(803)
<i>Net operating cash flows</i>		<u>6,829</u>	<u>7,037</u>
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment	6	<u>242</u>	<u>95</u>
		<u>242</u>	<u>95</u>
Cash was disbursed to:			
Payments for property, plant and equipment	6	(3,688)	(9,758)
Receipt of government grants		-	-
		<u>(3,688)</u>	<u>(9,758)</u>
<i>Net investing cash flows</i>		<u>(3,446)</u>	<u>(9,663)</u>
Cash flows from financing activities			
Proceeds from issue of shares	9	3,747	16,251
Repayment of borrowings		(2,501)	(7,003)
Dividend paid	13	(2,842)	(2,901)
<i>Net financing cash flows</i>		<u>(1,596)</u>	<u>6,347</u>
Net (decrease)/increase in cash and cash equivalents		1,787	3,721
Cash and cash equivalents at 1 July		<u>4,448</u>	<u>(296)</u>
Cash and cash equivalents at 31 December	7	<u>6,235</u>	<u>3,425</u>

Notes to and forming part of the financial statements are included on Pages 12 to 15.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

1 Corporate Information

The interim consolidated financial statements of the Group for the six months ended 31 December 2014 were authorised for issue in accordance with a resolution of Directors on 5 February, 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 14.

2 Basis of preparation and changes to the Group's accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 31 December 2014 have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2014.

New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the interim condensed 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.

3 Seasonality of Operations

The Group provides products in the areas of transport and tourism services into Australia, the latter being quite seasonal with stronger turnover in the summer and autumn months. December has a high concentration of turnover. Although revenues are expected to be slightly higher during the first half of the year, operating profit will be slightly lower due to major vessel slipping expenses which fall into the first half of the financial year.

This information is provided to allow for a proper appreciation of the results, however management have concluded that this does not constitute "highly seasonal" as considered by AASB 134 Interim Financial reporting.

4 Impairments

Goodwill is tested for impairment annually (as at June 30) and when circumstances indicate the carrying value may be impaired.

The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations that use a discounted cash flow model.

The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual financial statements for the year ended 30 June 2014.

There were no changes in the carrying value of goodwill allocated to the cash generating units nor any impairment of goodwill during the current half year.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

5 Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to expected total annual earnings, i.e. the estimated annual effective tax rate applied to the pre-tax income of the interim period.

The major components of income tax expense in the statement of comprehensive income are-

	For the six months ended 31 December	
	2014 \$'000	2013 \$'000
Current income tax expense	1,706	1,556
Deferred income tax expense	310	(83)
Under (over) provision in respect of prior years	1	-
Income tax expense from continuing operations	2,017	1,473

6 Property, plant and equipment

Acquisitions and Disposals

During the six months ended 31 December 2014, the Group acquired assets with a cost of \$3,688,859 (2013: \$9,758,000).

There was no work in progress as at 31 December 2014 (2013: \$513,390 for vessels).

Assets with a net book value of \$168,476 were disposed of by the Group during the six months ended 31 December 2014 (2013: \$141,337) resulting in a net profit on disposal of \$74,432 (2013: \$46,296 loss).

Refer also to Note 10 for capital commitments.

7 Cash and Cash equivalents

For the purposes of the interim consolidated statement of cash flows, cash and cash equivalents comprise the following-

	31 December 2014	30 June 2014
	\$'000	\$'000
Cash	1,373	2,133
Cash on deposit	4,862	2,315
Total cash	6,235	4,448
Bank overdraft	-	-
Total cash and cash equivalents	6,235	4,448

8 Other financial assets and financial liabilities

Financial assets and liabilities at fair value through profit and loss

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 six month period ended 31 December 2014, lower fuel prices has created a decrease in the value of the fuel forward contracts. As such, a debit to the profit and loss of \$188,766 (2013: \$177,183 credit) was recorded. Lower fuel costs have more than offset the decrease in value of the fuel forward contracts.

This fuel contract is categorised as Level 2 within the fair value hierarchy. The fuel contract is measured based on a combination of observable spot rates and the yield curve of the respective currency.

Interest bearing loans and borrowings have a fair value of \$10,972,042 (2013: \$11,251,757) and a carrying value of \$11,041,034 (2013: \$11,132,150).

Borrowing and repayment of debt

During the six month period, interest bearing borrowings of \$2m were repaid from capital raised through the conversion of share options.

9 Contributed Equity

	Contributed Equity For the six months ended 31 December		No. of Shares on Issue For the six months ended 31 December	
	2014 \$'000	2013 \$'000	2014 000's	2013 000's
Issued and fully paid ordinary shares-				
Opening balance	30,164	8,751	73,815	55,000
Conversion of share options to ordinary shares	3,740	-	3,000	-
Issue of 15,000,000 shares in October 2013	-	15,251	-	15,000
Total	33,904	24,002	76,815	70,000

During the period, 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.

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

10 Commitments and Contingencies

	Consolidated 31 December 2014 \$'000	Consolidated 31 December 2013 \$'000
Capital commitments		
Capital expenditure commitments:		
Penneshaw Terminal (gross unexpended amount)	-	167
Vessels and buses	462	8,358

Contingencies

There were no contingencies of material note as at 31 December 2014.

11 Related party transactions

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

- Purchases and services totalling \$9,880 from Vectra Corporation Ltd, a company associated with Mr C Smerdon (2013: \$19,874);
- Purchases and services totalling \$51,356 from Tourism and Allied, a company associated with Mr C Smerdon (2013: \$50,333);
- Purchases and services totalling \$550 from Pacific Marine, a company associated with Mr T Dodd (2013: \$6,881);
- Purchases and services totalling \$61,479 from Sydney Fast Ferries, a company associated with Mr T Dodd (2013: \$131,235).
- Purchases and services totalling \$85,206 from Teriga Limited, a company associated with Messrs Ursini, Mann, Smerdon and Ellison (2013: \$82,607). The building which Sealink leases, was sold by Teriga in December 2014 removing any further related party interest.

12 Events reported after balance date

The company has entered into an agreement to construct a floating pontoon for \$541,000 which will be used in Sydney Harbour. The acquisition will be funded from debt facilities.

The Company has entered into an agreement to purchase 2 vessels for \$6,000,000 from Sunrop Pty Ltd, a Company associated with Mr Terry Dodd. Settlement will occur on 1st April 2015 and requires approval from shareholders and be funded from existing debt facilities.

A fully franked dividend of \$2,918,967 representing 3.8 cents per share was declared by the Directors on 5 February 2015 to be paid 15 April 2015. Apart from the above, no events have occurred subsequent to year end which would, in the absence of disclosure, cause the financial report to be misleading.

13 Dividends paid and proposed

	For the six months ended 31 December	
	2014	2013
	\$'000	\$'000
Dividends on ordinary shares declared and paid during the six month period:		
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 (2014: nil)	-	935
Dividends on ordinary shares proposed for approval (not recognised as a liability as at 31 December):		
Interim dividend for 2015: 3.8 cents (2014: 3.66 cents)	2,919	2,597

14 Operating Segment Information

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

- Kanagaroo Island Sealink ("KIS") including Head Office;
- Captain Cook Cruises ("CCC"); and
- Sealink Queensland ("SQ") which includes the operations of Sealink Northern Territory.
- Corporate, which includes all Head Office functions.

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 in the consolidated financial statements. Group income taxes are managed on a Group basis and are not allocated to the segments below.

Half Year ended 31 December 2014

	KIS \$'000	CCC \$'000	SQ \$'000	Corporate \$'000	Eliminations \$'000	Consolidated \$'000
Internal revenue	1,318	-	460	514	(2,292)	-
External Revenue	26,539	22,152	8,115	266	-	57,072
Results						
Capital expenditure	848	2,460	380	-	-	3,688
Depreciation	790	897	287	115	-	2,089
Segment profit before interest and allocations - continuing operations	5,418	2,912	678	(1,937)	-	7,071
Less Corporate allocations	(1,547)	(314)	(76)	1,937	-	-
Segment profit before interest and tax - continuing	3,871	2,598	602	-	-	7,071
Interest income						143
Interest cost and finance charges						(495)
Segment profit before tax - continuing operations						6,719

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

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

14 Operating Segment Information (cont)

Half Year ended 31 December 2013

	KIS \$'000	CCC \$'000	SQ \$'000	Corporate \$'000	Eliminations \$'000	Consolidated \$'000
Internal revenue	1,180	-	299	404	(1,883)	-
External Revenue	24,998	20,070	7,139	189	-	52,396
Results						
Capital expenditure	3,812	5,761	185	-	-	9,758
Depreciation	645	672	309	25	-	1,651
Segment profit before interest and allocations - continuing operations	4,116	2,376	1,259	(2,140)	-	5,611
Corporate allocations	(1,434)	(461)	(245)	2,140	-	-
Segment profit before interest and tax - continuing	2,682	1,915	1,014	-	-	5,611
Interest income						52
Interest cost and finance charges						(759)
Segment profit before tax - continuing operations						4,904

The following table presents segment assets and liabilities of the Group's operating segments-

At 31 December 2014

	KIS	CCC	SQ	Corporate	Eliminations	Consolidated
Operating assets	34,497	36,389	17,615	14	-	88,515
Operating liabilities	18,838	5,198	5,265	-	-	29,301

At 30 June 2014

	KIS	CCC	SQ	Corporate	Eliminations	Consolidated
Operating assets	32,013	34,692	17,334	49	-	84,088
Operating liabilities	16,836	8,107	5,289	-	-	30,232

Reconciliation of assets and liabilities

	Consolidated 31 DECEMBER 2014 \$'000	Consolidated 30 JUNE 2014 \$'000
Segment operating assets	88,515	84,088
Deferred tax assets	2,538	2,658
Group total assets	91,053	86,746
Segment operating liabilities	29,301	30,232
Current tax liabilities	1,142	1,706
Deferred tax liabilities	1,061	865
Group total liabilities	31,504	32,803

15 Share-based payment

In November 2014, 200,000 share options were granted to a Key Management Personnel 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.

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.

For the six months ended 31 December 2014, the Group recognised \$1,945 of share-based payments expense (2013: \$nil).

SEALINK TRAVEL GROUP LTD AND ITS CONTROLLED ENTITIES
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Sealink Travel Company Limited, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

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

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors from the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the Corporations Act 2001 for the half year ended 31 December 2014.

On behalf of the Board



Sealink Travel Group Ltd
G. M. URSINI
Chairman
5th February, 2015



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To the members of Sealink Travel Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sealink Travel Group Limited which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a description 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 half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 144 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sealink Travel Group Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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.



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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sealink Travel Group Limited and its controlled entities is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Nigel Stevenson
Partner
Adelaide
5 February 2015