

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES
ASX APPENDIX 4D
FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2020
RESULTS FOR ANNOUNCEMENT TO THE MARKET

ABN: 49 109 078 257

Previous corresponding period:

31 December 2019

Results in brief	Statutory Results Consolidated SeaLink Period Ended 31 Dec 2020			Underlying Results # Consolidated SeaLink Period Ended 31 Dec 2020		
	2020 \$m	2019 \$m	Change %	2020 \$m	2019 \$m	Change %
Revenue from Ordinary Activities	570.8	132.9	329.5%	570.8	132.9	329.5%
EBITDA *	96.2	22.9	319.7%	94.6	25.9	265.3%
Depreciation	(31.5)	(8.8)	258.9%	(31.5)	(7.1)	343.7%
EBITA	64.7	14.1	357.5%	63.1	18.8	235.6%
Amortisation of customer contracts	(17.9)	(0.9)	1,808.3%	(17.9)	(0.9)	1,888.9%
EBIT	46.8	13.2	254.4%	45.2	17.9	152.5%
Net financing	(9.6)	(1.7)	458.5%	(9.6)	(1.5)	542.4%
Net Profit before Tax	37.2	11.5	223.9%	35.6	16.4	116.9%
Tax	(5.2)	(2.8)	88.9%	(5.3)	(2.8)	90.4%
Profit after Tax and before Amortisation	49.9	9.7	416.0%	48.1	14.5	231.9%
Profit after Tax	32.0	8.7	266.4%	30.2	13.6	122.3%

Underlying Results adjusted for significant items for the period. Note 2019 comparative includes IFRS16 adjustment.

Acquisition related costs ^	(0.6)	(4.9)
Insurance recovery	2.2	-
Total significant items	(1.6)	4.9
Tax impact adjustment significant items	(0.2)	-

* EBITDA - Earnings Before Interest, Tax, Depreciation & Amortisation

^ Costs associated with the acquisition of Transit Systems Group including stamp duty, legal, accounting, tax and other professional costs

Dividends	Amount	Franked Amount
	Cents per share	Cents per share
2020 Fully Franked Final Dividend (paid 2 October 2020)	4.5	4.5
2021 Fully Franked Interim Dividend ¹	7.0	7.0
2020 Fully Franked Interim Dividend (previous corresponding period)	6.5	6.5

1. Record date for determining entitlements to 2021 interim dividend is 12 March 2021. Payment date for the interim dividend is 31 March 2021.

	31 Dec 2020	30 Jun 2020
Net tangible assets		
Net tangible assets per ordinary share	0.19	0.05

The report is based on accounts which have been reviewed by the auditor of SeaLink Travel Group Limited. 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 30 June 2020.

Signed 23 February 2021



J.R. Ellison

Chair, SeaLink Travel Group Limited

SeaLink Travel Group Limited
Directors' report
31 December 2020

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'SeaLink') consisting of SeaLink Travel Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were Directors of SeaLink Travel Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Jeffrey R. Ellison (B. Acc, FCA, FAICD) - Chair
Christopher D. Smerdon (MAICD) - Non-Executive Director
Andrea J.P. Staines OAM (MBA, B.Ec, FAICD) - Non-Executive Director
Terry J. Dodd - Non-Executive Director
Fiona A. Hele (B.Com, FCA, FAICD) - Non-Executive Director
Neil E. Smith (MTM, B.Arts, FCILT) – Non-Executive Director
Lance E. Hockridge (FCILT, FIML, MAICD) – Non-Executive Director

Company Secretary

Joanne H. McDonald (LLB, B.Ec, GAICD) and Andrew D. Muir (B.Ec, MBA)

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of:

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

Dividends

Dividends paid during the financial half-year were as follows:

Consolidated	
31 December 2020	31 December 2019
\$'000	\$'000

Final dividend for the year ended 30 June 2020 paid on 2 October 2020 of 4.5 cents (2019: 8.5 cents) per ordinary share

9,828	8,621
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SeaLink's Directors declared on 23 February 2021 a 7.0 cents per share fully franked interim dividend (an increase of 0.5 cents per share compared with last year) payable on 31 March 2021 to shareholders registered on 12 March 2021. The Company's policy is to aim to return to shareholders 50% - 70% of underlying net profit after tax on an annualised basis, subject to business needs and ability to pay.

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

Review of operations

Notwithstanding the ongoing effects of COVID-19 on all of SeaLink's operations, the resilience of the largely contracted earnings base, combined with operational repositioning and concerted targeting of domestic tourism business has yielded strong results for SeaLink in the first half of FY2021.

SeaLink recorded a statutory Net Profit after Tax (NPAT) of \$32.0 million for the December 2020 half-year compared to a NPAT of \$8.7 million in the previous corresponding half year to 31 December 2019.

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was \$94.6 million compared to an EBITDA of \$25.9 million for the December 2019 half-year. Underlying EBITDA has been adjusted for significant one-off items during the period.

SeaLink Travel Group Limited
Directors' report
31 December 2020

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

- Underlying Net Profit After Tax and before Amortisation of \$48.1 million, up 231.9% on prior year with total income of \$570.8 million
- Delivered strong gross operating cashflow
- Interim dividend of 7.0 cents per share, an increase of 0.5 cents per share
- Maintained focus to reduce costs, conserve cash and scale back Marine & Tourism businesses as a consequence of COVID-19 restrictions
- Completed the integration of Transit Systems Group and delivering synergies benefits ahead of initial estimates
- Retained the Singapore Bulim bus contract and awarded an additional contract (Sembawang-Yishun), both for 5+2 year terms commencing in May and September 2021 respectively
- Commenced the (up to) 15-year contract as operator of Brisbane City Council's iconic CityCat, CityHopper and Cross River Ferry network in November 2020
- Commenced operations in Joint Venture to operate the new Adelaide Tram contract as well as operation of the new Outer North bus contract in Adelaide in July 2020, in addition to the three existing bus contracts in that market
- Ongoing asset base improvement with the launch of the new \$6 million Coolgaree Cat vessel in Townsville
- Expansion of electric bus fleet in NSW and UK and the electrification of depots in both NSW and London
- Finalised the insurance recovery in relation to the bushfire damage of Vivonne Bay Lodge on Kangaroo Island (included in Other Income)
- Major efficiency generating service change delivered in the Region 6 bus services contract in Sydney
- Extensions of key strategic marine contracts in Townsville and Northern Territory
- Secured and commenced operating passenger ferry services to Hayman Island
- Awarded the Katherine School Bus contract in the Northern Territory which commenced in February 2021
- Strengthened management structure with the internal promotion and appointment of Greg Balkin as Chief Operating Officer of Australian Bus operations

SeaLink's underlying cashflow profile and the cash position at 31 December 2020 is strong with all financial covenants comfortably met and undrawn capacity, if required. Gearing (net interest-bearing debt to total tangible assets) at 31 December 2020 was 22.8% (up from 20.5% at 30 June 2020), which is well within target gearing levels and positions SeaLink well for future investment and growth.

SeaLink had approximately 11% of its workforce eligible for the Australian Government's JobKeeper payments at the beginning of the half. The number of employees eligible for the JobKeeper 2.0 payment was reduced post September 2020 and further again in January 2021. The JobKeeper payment applied to all eligible employees within Australia in the six-month period to December 2020 totalled \$8.6 million. This was paid to employees in our Marine & Tourism businesses.

Management remain confident they have access to enough funding to meet any liquidity challenges that may arise in the 2021 calendar year, including another severe or extended COVID-19 related contraction in tourism demand.

SeaLink continues to be focused on growing its contract portfolio through organic bidding opportunities, complimented by growth through acquisition. The Company is constantly seeking to maximise its organic revenue growth and profitability from its existing businesses, including the addition of new contracts, routes and products. We have an ongoing focus and commitment to margin enhancement initiatives, via pricing strategies as well as cost savings and efficiency gains.

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

Australian Bus

During the period under review, the Australian Bus operations remained focussed on addressing the COVID-19 related operational risk management requirements associated with the rapidly changing rules and regulations across the various states in which we operate. We were able to successfully navigate our way through this period by working closely with our state government clients, staff and customers. It was pleasing that all operations and services continued at full scheduled timetables in all states during the period and this is reflected in the trading results.

We continued to see the benefit of operating environment improvements as a result of reduced congestion on roads leading to lower accidents, improved on time running performance, better fuel consumption, less overtime from delays and reduced staff absenteeism. Despite lower advertising revenue from on-bus advertising and reduced patronage incentive payments, this reduction has been more than offset by increased rail replacement charter work, return of special event charters, additional COVID-19 related services and airport shuttles.

SeaLink Travel Group Limited
Directors' report
31 December 2020

In addition, a focus on tight cost control across all aspects of the business and the benefit of establishing a number of group wide procurement arrangements favourably assisted the overall results.

The majority of additional ancillary costs associated with dealing with COVID-19, like cleaning of buses, physical barriers to ensure driver safety and additional services so as to comply with social distancing requirements, all continued to be well supported by state governments.

The major service change for Region 6 in New South Wales (which had been delayed for some time) took effect in October 2020 and we are on track to deliver the targeted efficiencies from this part of the business.

All operational aspects of the business are performing well and with the contracts that have recently been renewed, extended and won in the last 12 months, the business is well positioned for the future.

The commencement of the next generation 10-year contracts in Adelaide in July 2020 was a particular highlight for the business. All three existing bus contracts in Adelaide commenced a new contract term and the business successfully transitioned and commenced operating the new Outer North bus contract. Additionally, our new Joint Venture with John Holland Adelaide Trams Pty Ltd and UGL Rail Services Pty Ltd began as the first private operator of the Adelaide tram network.

SeaLink's presence in the regions was increased during the first half with the successful award of the Katherine School Bus contract in the Northern Territory which commences in February 2021.

There is an ongoing high level of tendering activity for new contracts in Australia. Processes are presently being run by governments in NSW and Victoria. Regions 7, 8 and 9 in Sydney present a significant opportunity for the Group to expand on the Region 3 and 6 contracts that are held in this market and in Victoria, approximately 30% of Melbourne's metropolitan bus network is being tendered. The entire Darwin network remains likely to be tendered in the first half of calendar 2021 along with several other smaller regional contract opportunities in the Northern Territory.

International Bus

In September 2020, the Singapore operations were awarded the PT217 Contracts to operate two combined packages of public bus services in Singapore, following a competitive tender by the Land Transport Authority of Singapore ("LTA"). The PT217 Contracts are for the operation of 56 bus routes and the maintenance of more than 700 buses, two depots, five interchanges and a terminal. The combined operation will be staffed by over 1,700 employees and results in a doubling in scale of Tower Transit Singapore's current operations (30 routes) and its market share. The Bulim contract which we successfully retained is 29 routes commencing from 30 May 2021, while the Sembawang-Yishun Package of 27 routes will be operated out of a newly built LTA depot and services are to commence from 5 September 2021. Each package will be operated for a term of five years from the start of services with the option of a two-year extension exercisable at the LTA's discretion. Total contract fees over the initial contract terms are estimated at more than S\$1 billion, with potential to earn additional variable performance incentives.

From an operational perspective in Singapore, Government Grants under the Jobs Support Scheme of \$5.6 million mitigated the adverse financial impact due to COVID-19 where we experienced a decline in revenue from reduced operating mileage, increased rental rebates provided to tenants and reduced advertising revenue. In addition, higher operating costs were incurred for enhanced cleaning and disinfecting costs for buses, interchanges and depots as well as the provision of accommodation for a large number of Malaysian bus driving staff affected by the Malaysian border closure. Overall, underlying operating costs reduced due to tight cost control measures taken by management, lower absenteeism levels and lower fuel prices.

In London, the six-month period has been dominated by the continuing effects of COVID-19 in the United Kingdom, which ended the half-year with another national lockdown as a new more virulent strain of the virus emerged. Despite this, services continue to operate at 100% and operational performance is being maintained.

We are working constructively and proactively with the union, Transport for London ("TfL") and the industry to continue and enhance a range of protections for staff.

During the period, agreements were reached with TfL regarding the COVID-19 effects on bus operators from the first wave during March – June 2020 with a guiding principle of no net loss / no net gain.

SeaLink Travel Group Limited
Directors' report
31 December 2020

The TfL route contract tendering continues to be a tough and competitive market with bidding at tight contribution margins as competitors seek higher market share within a shrinking market. Corresponding cost base efficiencies are being pursued and the previously advised strategic review is continuing with a conclusion on the appropriate size and positioning in that market expected to be determined by mid calendar year 2021.

A particular highlight of the half was the completion of the electric charging infrastructure at Westbourne Park depot and the commencement of our first fully electric route, C3. Route 23 is also transitioning to a fully electric route and in total, the two routes will be operated with 37 fully electric double decker buses.

The UK formally left the European Union ("EU") after 31 December 2020. There are no known material Brexit effects on the business, and going forward plans are in place to address any applicable EU national employment requirements by the deadline of June 2021. The Company has a watching brief on any potential supplier problems, none of which have yet been experienced.

Marine & Tourism

The past six months has continued to be a challenging time in the Australian tourism sector as domestic borders opened and closed throughout the second half of 2020 due to COVID-19 and more recently the bushfires on Fraser Island, which saw the Island and resort close for three weeks in December 2020.

As borders opened and restrictions eased, strong demand from the interstate markets was received with new bookings increasing almost immediately, complementing the already strong intrastate demand. Due to the volatility in travel restrictions, bookings tend to be short notice and require greater flexibility, which translates into greater levels of cancellations, deferrals and refunds than we would typically experience.

JobKeeper provided essential employment support for the July – September 2020 quarter allowing us to maintain our quality travel teams. From October 2020, trading had improved and most business units were not eligible for JobKeeper 2.0 due to the criteria to remain in the scheme not being met. The businesses that have continued to be most challenged by restrictions and international border closures continue to be Captain Cook Cruises ("CCC") in New South Wales, Murray Princess and our touring and sightseeing products in South Australia, with CCC and Murray Princess still relying on JobKeeper 2.0 support post 31 December 2020.

With international borders closed, the business has focussed on the domestic market and in particular the local intrastate markets in each state/territory. The release of 'travel vouchers' by many of the State Tourism Organisations and the risk of domestic borders closing at short notice, has seen strong demand from the local market for each business. Our businesses have been extremely agile in developing new product experiences to suit these changing markets and to maximise revenue opportunities. Our Queensland operations have performed very well during the period delivering results well ahead of last year on the back of strong local demand and in South Australia, services to Kangaroo Island have benefited from higher freight demands associated with the bushfire recovery effort and good local tourism demand.

With most Australians being forced to stay at home over the past six months, SeaLink invested in maximising advertising exposure and pent-up demand with the launch of a national marketing campaign to promote our 'Island Escapes'. This campaign under our national consumer brand 'Brilliant Travels' saw a selection of great holiday offers, with flexible booking and travel conditions, advertised through television, print and digital mediums with excellent results. Co-operative funding from State Tourism Organisations saw this investment maximised.

During the period SeaLink was successful in the re-negotiation of a number of contracts including the Palm Island and Magnetic Island ferry contracts for another seven years, a five-year extension of the Moggill ferry contract, a 12-month extension of the Lane Cove service on Sydney Harbour and Ambulance Service in SE Queensland, and a five-year contract in the Northern Territory for the Groote Eylandt ferry and bus services. In addition, a new contract for the operations of the ferry service to Hayman Island was awarded to SeaLink for a period of three years and we successfully transitioned and commenced the 15-year Brisbane River Ferry contract in November 2020.

The Kangaroo Island Ferry Service Contract Expression of Interest was released in late December 2020 by the South Australian Government, with the formal tender process due to run over the course of calendar year 2021.

We took delivery of a new vessel (Coolgaree Cat) to operate the Palm Island Service and construction continues on a new vessel for Sydney Harbour which is scheduled to arrive mid 2021 providing a fantastic opportunity for our Sydney business to re-launch a new and exciting tourism product. As part of the repositioning of CCC in Sydney, five vessels were relocated out of that business and placed into service interstate.

SeaLink Travel Group Limited
Directors' report
31 December 2020

During the period we finalised our insurance claim in relation to the bushfires which severely damaged the Vivonne Bay Lodge on Kangaroo Island and we have recently opened a new kitchen / dining facility at Vivonne Bay Lodge allowing us to recommence our dining product for touring guests. A new insurance claim was raised in relation to the business interruption experienced on Fraser Island as a result of the bushfire and Island closure for three weeks during December 2020.

The last six months has seen the relationship between the Marine & Tourism and Australian Bus businesses strengthen with new opportunities and synergies identified. Australian Bus has provided much needed employment opportunities for many of the Marine & Tourism team in Sydney and Perth, the SeaLink coach depot in Adelaide has moved to consolidate with the Torrens Transit depot and SeaLink coaches/drivers have been used on large rail replacement charter contracts.

Outlook

The future outlook for SeaLink is bright with our solid base of diversified businesses across Australia in the public bus, light rail and marine transport, tourism and accommodation sectors. More than one third of the contract base has been recently re-tendered and renewed with 100% success and contract periods ranging between 5 to 15-year contract terms. As an integrated, resilient, international multi-modal transport business with over 91% of our revenue fully contracted or non discretionary providing essential transport services, we expect our balance sheet strength and performance to be stable moving forward.

The Marine and Tourism division continues to re-build its revenue base from domestic travel and is well placed to capitalise on domestic tourism opportunities regardless of whether international border restrictions remain in place. In addition, some of the structural cost base changes and scheduling efficiencies that were pursued through the COVID-19 period will remain and be an ongoing benefit to the business.

The International Bus division will be cautiously managed as further budgetary constraints in the London public transport market are expected and the Singapore Bulim contract transitioning at the end of May 2021 and new Sembawang-Yishun Singapore contract commencing in September 2021.

We continue to review and pursue opportunities that enhance, leverage and complement our core strengths. Mergers and acquisition activity is a possibility as markets are constantly being evaluated.

Matters subsequent to the end of the financial half-year

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Rounding of amounts

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

Auditor's independence declaration

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

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Jeffrey R Ellison
Chair

23 February 2021

Auditor's independence declaration to the directors of SeaLink Travel Group Limited

As lead auditor for the review of the half-year financial report of SeaLink Travel Group Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review, and
- b. No contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young



David Sanders
Partner
23 February 2021

SeaLink Travel Group Limited

Contents

31 December 2020

Statement of profit or loss	8
Statement of other comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13
Directors' declaration	24
Independent auditor's review report to the members of SeaLink Travel Group Limited	25

General information

The financial statements cover SeaLink Travel Group Limited as the Consolidated entity (referred to hereafter as 'Group' or 'SeaLink') consisting of SeaLink Travel Group Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is SeaLink Travel Group Limited's functional and presentation currency.

SeaLink is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Level 3
26 Flinders Street
Adelaide SA 5000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 23 February 2021.

SeaLink Travel Group Limited
Statement of profit or loss
For the half-year ended 31 December 2020

		Consolidated	
		31 December 2020	31 December 2019
	Note	\$'000	\$'000
Revenue from contracts with customers	4	570,772	132,852
Other income	5	26,941	998
Interest income		174	186
Expenses			
Direct operating expenses:			
Direct wages		(313,603)	(40,391)
Repairs and maintenance		(33,645)	(9,012)
Fuel		(41,103)	(6,569)
Commission		(1,103)	(6,678)
Meals and beverage		(4,229)	(7,381)
Tour costs		(716)	(6,600)
Depreciation		(15,238)	(7,089)
Depreciation - ROUA		(16,235)	(1,688)
Other direct expenses		(30,998)	(6,487)
Administration expenses:			
Indirect wages		(46,383)	(13,446)
General and administration		(27,289)	(6,777)
Marketing		(1,818)	(2,703)
Financing charges		(9,810)	(1,905)
Amortisation of customer contracts and permits		(17,937)	(938)
Business acquisition expenses		(625)	(4,886)
Total expenses		(560,732)	(122,550)
Profit before income tax expense		37,155	11,486
Income tax expense	6	(5,152)	(2,753)
Profit after income tax expense for the half-year		32,003	8,733
Profit for the half-year is attributable to:			
Non-controlling interest		3	-
Owners of SeaLink Travel Group Limited		32,000	8,733
		32,003	8,733
		Cents	Cents
Basic earnings per share	17	14.65	7.31
Diluted earnings per share	17	14.63	7.31

The above statement of profit or loss should be read in conjunction with the accompanying notes

SeaLink Travel Group Limited
Statement of other comprehensive income
For the half-year ended 31 December 2020

	Consolidated	
	31 December 2020	31 December 2019
	\$'000	\$'000
Profit after income tax expense for the half-year	32,003	8,733
Other comprehensive profit/(loss)		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net change in the fair value of cash flow hedges taken to equity, net of tax	267	170
Foreign currency translation of foreign operations, net of tax	(13,497)	-
Other comprehensive profit/(loss) for the half-year, net of tax	(13,230)	170
Total comprehensive income/(loss) for the half-year	18,773	8,903
Total comprehensive income/(loss) for the half-year is attributable to:		
Non-controlling interest	-	-
Owners of SeaLink Travel Group Limited	18,773	8,903
	18,773	8,903

The above statement of other comprehensive income should be read in conjunction with the accompanying notes

SeaLink Travel Group Limited
Statement of financial position
As at 31 December 2020

		Consolidated	
	Note	31 December 2020 \$'000	30 June 2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	7	108,941	119,903
Trade and other receivables		96,116	82,463
Inventories		14,293	13,881
Other		10,776	12,575
Total current assets		<u>230,126</u>	<u>228,822</u>
Non-current assets			
Property, plant and equipment	9	374,048	374,051
Right-of-use assets	8	133,858	138,505
Intangibles	10	572,192	605,283
Total non-current assets		<u>1,080,098</u>	<u>1,117,839</u>
Total assets		<u>1,310,224</u>	<u>1,346,661</u>
Liabilities			
Current liabilities			
Trade and other payables		82,450	80,410
Contract liabilities		10,209	7,408
Lease liabilities		24,945	29,974
Derivative financial instruments		1,331	1,906
Income tax		13,709	15,833
Employee benefits		78,379	70,509
Provisions		35,344	36,173
Other		50,021	63,938
Total current liabilities		<u>296,388</u>	<u>306,151</u>
Non-current liabilities			
Borrowings		304,643	310,201
Lease liabilities		64,445	74,409
Derivative financial instruments		4,558	4,364
Deferred tax		4,183	15,725
Employee benefits		13,993	12,190
Other		12,370	23,329
Total non-current liabilities		<u>404,192</u>	<u>440,218</u>
Total liabilities		<u>700,580</u>	<u>746,369</u>
Net assets		<u>609,644</u>	<u>600,292</u>
Equity			
Issued capital		572,377	572,377
Reserves		(16,814)	(3,991)
Retained profits		54,078	31,906
Equity attributable to the owners of SeaLink Travel Group Limited		<u>609,641</u>	<u>600,292</u>
Non-controlling interest		3	-
Total equity		<u>609,644</u>	<u>600,292</u>

The above statement of financial position should be read in conjunction with the accompanying notes

SeaLink Travel Group Limited
Statement of changes in equity
For the half-year ended 31 December 2020

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2019	96,057	(1,700)	63,558	-	157,915
Profit after income tax expense for the half-year	-	-	8,733	-	8,733
Other comprehensive income/(loss) for the half-year, net of tax	-	170	-	-	170
Total comprehensive income/(loss) for the half-year	-	170	8,733	-	8,903
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid (note 11)	-	-	(8,621)	-	(8,621)
Balance at 31 December 2019	<u>96,057</u>	<u>(1,530)</u>	<u>63,670</u>	<u>-</u>	<u>158,197</u>
Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2020	572,377	(3,991)	31,906	-	600,292
Profit after income tax expense for the half-year	-	-	32,000	3	32,003
Other comprehensive income/(loss) for the half-year, net of tax	-	(13,230)	-	-	(13,230)
Total comprehensive profit/(loss) for the half-year	-	(13,230)	32,000	3	18,773
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 18)	-	407	-	-	407
Dividends paid (note 11)	-	-	(9,828)	-	(9,828)
Balance at 31 December 2020	<u>572,377</u>	<u>(16,814)</u>	<u>54,078</u>	<u>3</u>	<u>609,644</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

SeaLink Travel Group Limited
Statement of cash flows
For the half-year ended 31 December 2020

		Consolidated	
		31 December 2020	31 December 2019
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		554,382	128,260
Payments to suppliers and employees (inclusive of GST)		(491,830)	(103,670)
		62,552	24,590
Interest received		174	186
Other income		26,941	1,267
Interest and other finance costs paid		(9,809)	(1,639)
Income taxes refunded/(paid)		(19,153)	2,604
Net cash from operating activities		60,705	27,008
Cash flows from investing activities			
Payments for property, plant and equipment	9	(29,971)	(16,431)
Proceeds from disposal of property, plant and equipment		323	1,496
Net cash used in investing activities		(29,648)	(14,935)
Cash flows from financing activities			
Proceeds from issue of shares		-	154,000
Proceeds new leases		6,777	-
Payments for leases		(21,771)	(2,143)
Deferred consideration		(18,006)	-
Share issue transaction costs		-	(6,413)
Dividends paid	11	(9,828)	(8,621)
Repayment of borrowings		-	(92,500)
Net cash from/(used in) financing activities		(42,828)	44,323
Net increase/(decrease) in cash and cash equivalents		(11,771)	56,396
Cash and cash equivalents at the beginning of the financial half-year		119,903	11,904
Effects of exchange rate changes on cash and cash equivalents		809	-
Cash and cash equivalents at the end of the financial half-year	7	108,941	68,300

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

New or amended Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of SeaLink's annual consolidated financial statements for the year ended 30 June 2020, except for the adoption of new standards effective for periods beginning on or after 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued by the Australian Accounting Standards Board ("AASB") but is not yet effective.

Several amendments and interpretations apply for the first time in the period commencing 1 July 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Going concern

The financial statements are prepared on a going concern basis. As at 31 December 2020, the Consolidated Statement of Financial Position reflected an excess of current liabilities over current assets of \$66,262,000. The amount of the deficit is fully covered by the Company's undrawn banking facilities of \$107,277,000 as at 31 December 2020. In addition there are amounts included in current liabilities which are not expected to be paid in the next 12 months, despite the accounting treatment requiring them to be disclosed as current liabilities including leave liabilities which historically have not all been paid out within 12 months. In addition, there is no indication the future operating cashflows of the business will be materially different to those achieved over the last short term period.

Note 2. Critical accounting judgements, estimates and assumptions

Coronavirus (COVID-19) pandemic

The Company has considered the impact of COVID-19 and other market volatility in preparing its financial statements. The areas where COVID-19 resulted in the application of additional judgement and critical accounting estimates were consistent with those disclosed in our annual report for the year ended 30 June 2020 such as the carrying value of financial assets and liabilities.

Note 3. Operating segments

Identification of reportable operating segments

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

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

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

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

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

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

Note 3. Operating segments (continued)

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Deferred taxes are not allocated to the individual segments below as the underlying instruments are managed on a group basis.

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

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

Intersegment transactions

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

Intersegment receivables, payables and loans

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

Seasonality of results

Tourism services provided by SeaLink within the Marine and Tourism operating segment are quite seasonal in nature, with stronger turnover in the summer and autumn months. December and January have a high concentration of turnover in the tourism sector. Revenues in the second half from tourism services provided are expected to be similar to the first half.

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

SeaLink Travel Group Limited
Notes to the financial statements
31 December 2020

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 31 December 2020	Marine and Tourism \$'000	Australian Bus \$'000	International Bus \$'000	Corporate \$'000	Total \$'000
Revenue					
Sales to external customers	98,667	341,848	130,257	-	570,772
Intersegment sales	(30)	30	-	-	-
Total sales revenue	98,637	341,878	130,257	-	570,772
Interest revenue	-	-	-	174	174
Total revenue	98,637	341,878	130,257	174	570,946
EBITDA	36,825	44,919	24,963	(10,506)	96,201
Depreciation	(7,069)	(6,409)	(1,378)	(382)	(15,238)
Depreciation ROUA	(1,521)	(2,176)	(12,344)	(194)	(16,235)
Amortisation of customer contracts	(768)	(11,023)	(6,146)	-	(17,937)
Net financing charges	(117)	(1,067)	(1,219)	(7,233)	(9,636)
Profit/(loss) before income tax expense	27,350	24,244	3,876	(18,315)	37,155
Income tax expense					(5,152)
Profit after income tax expense					32,003
Assets					
Segment assets	295,040	685,221	286,281	43,682	1,310,224
Total assets					1,310,224
Liabilities					
Segment liabilities	67,837	164,730	89,842	360,279	682,688
<i>Unallocated liabilities:</i>					
Provision for income tax					13,709
Deferred tax liability					4,183
Total liabilities					700,580

Note 3. Operating segments (continued)

	Marine and Tourism \$'000	Australian Bus \$'000	International Bus \$'000	Corporate \$'000	Total \$'000
Consolidated - 31 December 2019					
Revenue					
Sales to external customers	132,852	-	-	-	132,852
Interest revenue	-	-	-	186	186
Total revenue	<u>132,852</u>	<u>-</u>	<u>-</u>	<u>186</u>	<u>133,038</u>
EBITDA	33,346	-	-	(10,426)	22,920
Depreciation	(7,014)	-	-	(75)	(7,089)
Depreciation ROUA	(1,688)	-	-	-	(1,688)
Amortisation of customer contracts	(938)	-	-	-	(938)
Net financing charges	(785)	-	-	(934)	(1,719)
Profit/(loss) before income tax expense	<u>22,921</u>	<u>-</u>	<u>-</u>	<u>(11,435)</u>	<u>11,486</u>
Income tax expense					(2,753)
Profit after income tax expense					<u>8,733</u>

Consolidated - 30 June 2020

Assets					
Segment assets	370,434	560,547	284,624	131,056	1,346,661
Total assets					<u>1,346,661</u>
Liabilities					
Segment liabilities	111,686	122,099	126,033	354,993	714,811
<i>Unallocated liabilities:</i>					
Provision for income tax					15,833
Deferred tax liability					15,725
Total liabilities					<u>746,369</u>

Geographical information

	Geographical non-current assets			
	Sales to external customers			
	31 December 2020	31 December 2019	31 December 2020	30 June 2020
	\$'000	\$'000	\$'000	\$'000
Australia	440,515	132,852	842,459	888,536
Singapore	62,331	-	105,284	8,174
United Kingdom	67,926	-	132,355	221,129
	<u>570,772</u>	<u>132,852</u>	<u>1,080,098</u>	<u>1,117,839</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 4. Revenue from contracts with customers

	Consolidated	
	31 December 2020	31 December 2019
	\$'000	\$'000
Goods and services transferred at a point in time	91,891	114,885
Services transferred over time	478,881	17,967
Revenue from contracts with customers	<u>570,772</u>	<u>132,852</u>

As stated in the Group's annual report for the period ending 30 June 2020, the impact of business combinations in the prior period has resulted in comparatives being amended where reasonable to align to the current year classification and disclosure and to be consistent with the whole group application of accounting policies. For the six months ending 31 December 2019, \$18.0m of revenue previously disclosed as "point in time" has been more appropriately disclosed as services delivered "over time", to be consistent with the updated Group policies. The contracts being reclassified from "point in time" to "over time" have a very short duration (i.e. days, hours) and therefore, there is no difference in the timing of recognition of revenue from the change in classification.

Note 5. Other income

	Consolidated	
	31 December 2020	31 December 2019
	\$'000	\$'000
Net foreign exchange gain	320	-
Gain on disposal of property, plant and equipment	-	(269)
Other income	26,621	1,267
Other income	<u>26,941</u>	<u>998</u>

The majority of other income earned in the 6 months to December 2020 relates to support received to assist in offsetting the impact of COVID-19 in Australia, UK and Singapore.

Note 6. Income tax expense

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 for the half years ended 31 December 2020 and 2019 are:

Note 6. Income tax expense (continued)

	Consolidated	
	31 December 2020	31 December 2019
	\$'000	\$'000
<i>Income tax expense</i>		
Current tax expense	15,443	2,408
Deferred tax - origination and reversal of temporary differences current year	(11,148)	344
Current tax - over/under provisions in prior year	1,366	-
Deferred tax - over/under provisions in prior year	(509)	1
	<u>5,152</u>	<u>2,753</u>
Aggregate income tax expense		
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	37,155	11,486
Tax at the statutory tax rate of 30%	11,147	3,446
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Exempt income	(2,095)	(2,167)
Other non-assessable income	(701)	-
Non-deductible entertainment	6	7
Section 40-880	(3,469)	-
Other non-deductible expenses	526	1,466
	<u>5,414</u>	<u>2,752</u>
Current tax - over/under provisions in prior year	1,366	-
Difference in overseas tax rates	(1,119)	-
Deferred tax - over/under provisions temporary differences in prior year	(509)	1
	<u>5,152</u>	<u>2,753</u>
Income tax expense		

Note 7. Cash and cash equivalents

	Consolidated	
	31 December 2020	30 June 2020
	\$'000	\$'000
<i>Current assets</i>		
Cash on hand	489	469
Cash at bank	61,867	77,645
Cash on deposit	46,585	41,789
	<u>108,941</u>	<u>119,903</u>

Note 8. Right-of-use assets

Acquisitions and disposals

During the six months ended 31 December 2020, the Group acquired rights to use leased assets with a value of \$5,946,000 (2019: \$12,964,000).

Right of use assets with a net book value of \$4,998,000 were relinquished by the Group during the six months ended 31 December 2020 (2019: Nil).

Note 9. Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 December 2020, the Group acquired assets with a cost of \$29,971,000 (2019: \$16,431,000).

Assets with a net book value of \$323,000 were disposed of by the Group during the six months ended 31 December 2020 (2019: \$1,793,000) resulting in a net loss on disposal of \$10,000 (2019 net loss: \$297,000).

Work in progress as at 31 December 2020 was \$19,846,000 (30 June 2020: \$16,586,000).

Note 10. Intangibles

Included in the movement of the carrying value of the Group's intangible assets during the six-months ended 31 December 2020 is \$17,937,000 (2019: \$938,000) in amortisation of customer contracts and unfavourable exchange differences on translation of foreign operations amounting to \$9,427,000 (2019: Nil).

Impairment of Goodwill

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 2020. 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.

Note 11. Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 December 2020	31 December 2019
	\$'000	\$'000

Final dividend for the year ended 30 June 2020 paid on 2 October 2020 of 4.5 cents (2019: 8.5 cents) per ordinary share

9,828	8,621
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SeaLink's Directors declared on 23 February 2021 a 7.0 cents per share fully franked interim dividend (an increase of 0.5 cents per share compared with last year) payable on 31 March 2021 to shareholders registered on 12 March 2021. The Company's policy is to aim to return to shareholders 50% - 70% of underlying net profit after tax on an annualised basis, subject to business needs and ability to pay.

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

Note 12. Financial liabilities

The Consolidated entity's financial liabilities at the reporting date were as follows:

Note 12. Financial liabilities (continued)

	Consolidated	
	31 December 2020 \$'000	30 June 2020 \$'000
Derivative financial instruments designated as hedges:		
Fuel forward contract	77	819
Interest rate swaps	5,812	5,451
	<u>5,889</u>	<u>6,270</u>
Interest bearing borrowings - non current:		
Commercial bills payable	266,000	266,000
Vendor financing and other	38,643	44,201
	<u>304,643</u>	<u>310,201</u>

During the period the Consolidated entity has increased its international credit facilities by \$28,284,000. The Consolidated entity has \$107,277,000 (30 June 2020: \$79,000,000) in unused revolving credit facilities with the group's financiers and \$37,977,000 (30 June 2020: \$36,353,000) revolving letter of credit facilities.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Valuation techniques for fair value measurements categorised within level 2

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

The interest rate swap is categorised as a level 2 within the fair value hierarchy with the fair value determined using a present value valuation technique based on market inputs (including interest rates) which are actively traded and quoted through the Australian banking system.

The fuel forward contract is categorised as a level 2 within the fair value hierarchy with the fair value determined using a present value valuation technique based on market inputs (including commodity swap pricing) which are actively traded and quoted through the Australian banking system. The two product types we have under the fuel forward contract are PLATTS Sing Gas Oil 10ppm and ICE Gas Oil.

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

Consolidated	31 December 2020		30 June 2020	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<i>Liabilities</i>				
Vendor financing and other	38,643	38,643	36,642	36,642
Commercial bills	266,000	266,000	266,000	266,000
	<u>304,643</u>	<u>304,643</u>	<u>302,642</u>	<u>302,642</u>

Note 13. Commitments

	Consolidated	
	31 December	30 June
	2020	2020
	\$'000	\$'000
Vessels	4,064	9,844
Buses and motor vehicles	30,638	59,989
Other	1,569	3,225
	<u>36,271</u>	<u>73,058</u>

Capital commitments

Committed at the reporting date but not recognised as liabilities, payable:

Vessels	4,064	9,844
Buses and motor vehicles	30,638	59,989
Other	1,569	3,225
	<u>36,271</u>	<u>73,058</u>

Note 14. Related party transactions

Parent entity

SeaLink Travel Group Limited is the parent entity.

Transactions with related parties

During the half year, the following purchases/services were made with entities associated with directors on a arms length basis, at normal market prices:

	Consolidated	
	31 December	31 December
	2020	2019
	\$'000	\$'000

Payment for goods and services:

Vectra Corporation Limited (associated with Mr C Smerdon) -Software licensing in relation to cyber security products.	-	8
Pacific Marine Group Pty Ltd (associated with Mr T Dodd) - Provision of marine piling services.	2	19
ST Property Trust, ST Property Trust No. 2, Newton No. 2 Trust and Bridj Pty Ltd (associated with Mr N Smith) - Rental for bus depots operated by Transit Systems Group in Australia and "on demand" software licencing costs.	1,424	-

Receivable from and payable to related parties

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

Loans to/from related parties

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

Terms and conditions

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

Note 15. Business combinations

Acquisition of Transit Systems Group

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

Note 15. Business combinations (continued)

Finalisation of the purchase price accounting was completed in the 12-month measurement period, resulting in changes to the provisional fair values presented in the 30 June 2020 annual report. There was a net decrease of \$4,895,000 to goodwill as a result of a change to the fair value adjustments to Right-of-use assets of the UK business, a change to pre-acquisition retained profits and reclassification of borrowings of the Australian Bus business and an adjustment to deferred tax on acquisition.

	\$'000
Acquisition date fair value of the total consideration transferred	523,272
Net assets	(89,859)
Interim goodwill at 30 June 2020	<u>433,413</u>
Less:	
Net increase to Transit Systems Australia Group receivables due to identification of additional reimbursements due	(1,940)
Adjustment of net borrowings for Transit Systems Australia Group	(2,899)
Adjustment to deferred tax on acquisition	(2,737)
Decrease to Goodwill	<u>(7,576)</u>
Add:	
Adjustment to ROUA for Tower Transit International Group	1,284
Adjustment to consideration for additional payments identified	1,397
Increase to Goodwill	<u>2,681</u>
Final goodwill at 31 December 2020	<u><u>428,518</u></u>

Note 16. Events after the reporting period

Apart from the dividend declared as disclosed in note 11, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 17. Earnings per share

	Consolidated 31 December 2020 \$'000	31 December 2019 \$'000
Profit after income tax	32,003	8,733
Non-controlling interest	(3)	-
Profit after income tax attributable to the owners of SeaLink Travel Group Limited	<u>32,000</u>	<u>8,733</u>
	Cents	Cents
Basic earnings per share	14.65	7.31
Diluted earnings per share	14.63	7.31
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	218,399,048	119,437,000
Adjustments for calculation of diluted earnings per share:		
Performance rights	312,641	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>218,711,689</u>	<u>119,437,000</u>

Note 18. Share options and performance rights

Employee Performance Rights

In December 2020, 251,000 performance rights were granted to Key Management Personnel and senior staff under the SeaLink Rights Plan. The performance rights will vest after a period of 3 years subject to the terms of the Plan including requirements for the senior employee to remain employed on such date, achievement of the performance hurdles attaching to the performance rights and Board discretion. Further information on the SeaLink Travel Group Limited Rights Plan may be found in our notice of 2019 Annual General Meeting issued in September 2019 and available via our corporate website or via the ASX website for announcements.

Employee Share Options

There were no share options issued or outstanding during the period.

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

For the six months ended 31 December 2020, the Group recognised \$407,000 of share-based payments expense (2019: \$45,000).

SeaLink Travel Group Limited
Directors' declaration
31 December 2020

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Jeffrey R Ellison
Chair

23 February 2021

Independent auditor's review report to the members of SeaLink Travel Group Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of SeaLink Travel Group Limited and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss, 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 summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial 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*.

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 control as the directors determine is 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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, 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.



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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'David Sanders', is written over a horizontal line.

David Sanders Partner Adelaide
23 February 2021