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FOR THE HALF YEAR ENDED 31 DECEMBER 2017

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES
ASX APPENDIX 4D
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results in brief

	Dec 2017 $m	Dec 2016 $m	Change $m	Change %
Revenue	**100.8**	**105.8**	**(5.0)**	**(4.7%)**
Net Profit Before Tax	**16.3**	**19.0**	**(2.7)**	**(14.2%)**
Profit from ordinary activities after tax attributable to members	**11.3**	**13.1**	**(1.8)**	**(13.7%)**

The results are line with our expectations for the first half and reflect the start up costs for new services in WA and NSW, anticipated lower contracted income from the Gladstone operations and the closure of our Travel Centre in NSW.

Dividends

The Company is pleased to announce an 8.3% increase in the Interim Dividend as follows:

	Amount per Share (Cents)	100% Franked Amount per Share (Cents)
31 December 2017		
Interim Dividend	6.5	6.5
30 June 2017		
Interim Dividend	6.0	6.0
Final Dividend	8.0	8.0

1. The record date for determining entitlements to the interim dividend of 6.5 cents per share is 6 April 2018. The payment date for the interim dividend is 20 April 2018.

2. Final dividend of 8.0 cents per share for the year ended 30 June 2017 was declared 15 August 2017.

Net tangible assets

	Dec 2017 $	Dec 2016 $
Net tangible backing per ordinary share	1.05	0.95

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 2017.

Signed:

A J McEvoy
Chair
21 February 2018

The Board of Directors of SeaLink Travel Group Limited has pleasure in submitting its report for the half-year ended 31 December 2017.

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.

Andrew J. McEvoy – (B. Arts, MA Int. Comms.) - Chair
Jeffrey R. Ellison (B. Acc., FCA, FAICD) - Managing Director and Chief Executive Officer
Christopher D. Smerdon - (MAICD)
Terry J. Dodd
Andrea J.P Staines – (B. Ec., MBA Finance)
Fiona Hele - (B. Com., FCA, GAICD)

Company Secretary
Paul Blewett (LLB).

Review of operations and results

Result Overview
SeaLink Travel Group Limited (SeaLink) recorded a Net Profit before Tax (PBT) of $16.3m compared to $19.0m for the previous corresponding half.

The 2017/18 half-year result was impacted by anticipated start-up costs associated with the commencement of two new significant and strategic ferry services during the period (Manly to Barangaroo in Sydney and Fremantle to Rottnest Island in Western Australia), ongoing softness in the Western Australian market and the anticipated impact of contracted earnings from the Gladstone operations being at operational phase rates for the full period.

Net Profit after Tax (NPAT) was $11.3m compared to a NPAT of $13.1m for the December 2016 half-year.

SeaLink Queensland & Northern Territory performed in line with expectations, recording Earnings Before Interest and Tax (EBIT) before allocations of $10.6m compared to $11.8m for the corresponding period last year. The Queensland operations did experience good growth in both the Stradbroke Island, Townsville and in Darwin.

EBIT for the Captain Cook Cruises business (NSW and WA) unit decreased by $1.9m to $0.9m primarily as a result of start-up costs and initial trading losses which are in line with expectations from the two new ferry services commenced during the period, continuing difficult economic conditions in Western Australia, and no repeat of one off charter work which benefited the prior year comparable.

SeaLink South Australia's operations performed well with both the Kangaroo Island and Murray Princess operations improving on last year's performance.

SeaLink Directors today declared a fully franked interim dividend of 6.5 cents per share (2016/17 interim dividend 6.0 cents per share) an 8.3% increase on last year.

Review of Operations

SeaLink's achievements in its key business segments for the first half were:
- Net Profit After Tax of $11.3m, down 13.7% on total income of $100.8m
- Strong Net Operating Cashflow of $17.7m
- Successful commencement of two new services (Manly to Barangaroo, NSW and Fremantle to Rottnest Island, WA)
- Commencement of construction of two more "Tubby Class" commuter ferries for Sydney Harbour
- Completion of major out of water maintenance on a number of our larger vessels – *PS Murray Princess, MV Bruce, MV Captain Cook III, MV Minjerribah and MV SeaLion 2000*
- Higher returns from the *PS Murray Princess* through improved occupancy and margin
- Newly acquired vessel *MV Nancy Wake* commenced operation in Sydney in December 2017
- Purchase of two new Scania coaches for South Australian touring operations
- Improved margins and growing sales for Captain Cook Cruises Sydney lunch and dinner cruises
- Appointment of Chief Operating Offer - Anthony Hayes who commenced in October 2017

Kangaroo Island SeaLink – (including PS Murray Princess)

The business unit had a solid first half where revenue increased by 5.5% to $33.7m after excluding revenue associated with Sydney Travel Centre which was closed on 30 June 2017.

Passenger and vehicle numbers to Kangaroo Island showed good growth for the half and resulted in an increase in revenue of 9.1%.

PS Murray Princess sales achieved continued growth increasing by 8.9%. Contribution improved due to higher occupancy and cabin yield as a result of the ongoing success of marketing strategies including themed cruises in the low season. Phase 1 of the air-conditioning upgrade works for the vessel was also completed during the period.

Vessel repairs and maintenance expenditure was $0.4m higher than the same period last year due to major scheduled maintenance works on both Kangaroo Island vessels and the *PS Murray Princess*.

As a result of higher sales, improved contributions from the *PS Murray Princess*, Kangaroo Island Ferry and Kangaroo Island based tours, the overall business segment EBIT increased by 1.5% to $6.8m after corporate allocations compared to the same period last year.

SeaLink SA continued to invest in its vehicle fleet with two new 53 seat Scania coaches purchased for Kangaroo Island and Adelaide Day Tours.

SeaLink continued to discuss opportunities to extend its licence agreement with the South Australian Government on a mutually beneficial basis.

There were no major changes to the core business during the half-year.

Captain Cook Cruises

Revenue for the first half of 2017-18 increased by 2.3% as a result of steady tourism demand and the introduction of two new ferry services (Manly to Barangaroo – Sept 17) and (Fremantle to Rottnest Island Nov 17).

Captain Cook Cruises New South Wales

In Sydney, overall sales increased by 3.8% compared with the first half of last year. Growth continued to come from lunch and dining cruises which saw an increase in sales of 4.0% and an improvement in gross margin of 2.9% following the ongoing success of promoting a higher quality premium dining product to domestic and international markets. Although demand from Japan was softer than expected and the boost from the UK Ashes tour was also below expectations, domestic and USA demand was pleasing.

Sightseeing and Coffee Cruises performed well and in line with expectations with good demand from Asian travellers for this product.

Sydney charter sales decreased by $1.0m primarily due to the one off three month dry-lease charter to Tonga in the prior year not being repeated.

The *MV Captain Cook III* underwent a major refurbishment and upgrade to position her for additional charter and dining work over the next 10 years. There were some lost opportunities while the vessel was unavailable from September 2017 to November 2017.

Turnover from the Hop-on Hop-off (HOHO) and fixed route ferry services increased by 14.2% due to the introduction of the new Manly to Barangaroo service and increase passenger demand for HOHO service. However overall patronage on the Barangaroo service has been lower than initially anticipated and it is now expected to reach positive returns by mid-2018, slightly behind original forecasts. In addition, technical delays in being able to integrate our services to the Opal Pay system until 31 January 2018 has meant the revenue benefits of this innovation have not been gained for this and other services in the half year.

In December 2017 the *MV Nancy Wake* commenced operating on the Harbour and is performing well. The construction of two additional "Tubby-class" commuter ferries commenced and these vessels are expected to be operational by June 2018.

Patronage on the Watson Bay ferry service, which operates into and out of Circular Quay has continued to grow. A new service from the International Convention Centre to Circular Quay commenced during the period but take up has been lower than expected given the delays with Opal Pay.

Captain Cook Cruises Western Australia
In Western Australia, the traditional Captain Cook Cruises business has continued to trade well below expectations due to subdued economic and trading conditions in WA. As such, revenue was 8.0% below last year primarily in lunch and dinner cruises and charter. Coupled with the start-up costs and initial trading losses from the new Rottnest Island service the operations made a net loss during the period. Patronage and trading performance for the Rottnest Island service has improved since early December 2017 and this operation is now trading above break even.

SeaLink Queensland

South East Queensland
The Stradbroke Island operations have continued to trade well and has seen an increase in revenue of 4.5% for the same period last year. The Southern Moreton Bay Islands continue to experience residential building growth and this has resulted in an increase in commercial traffic on our barges.

A 53 seat Scania coach has been transferred from South Australia to commence charters on the Island.

Revenue from the sand barging operations on Stradbroke Island were 40.4% below the same period last year due to the carry forward last year of trips at higher contracted rates and this reduced earnings by $0.4m.

SeaLink Townsville and Northern Territory
There was no major change in the Townsville based business in the first half-year. Sales increased by 8.8% over the first half of last year with business contribution increasing by 16.6%. Higher contributions from the Magnetic Island and Tiwi and Groote Eylandt services were the main drivers.

Turnover from the Townsville operations increased by 7.6% with higher revenue from its core Magnetic Island ferry service. Passengers increased by 2.3% reflecting increased demand from the backpacker market.

Charter income continued to show positive improvement, increasing by 20.8% reflecting further penetration in the cruise ship market.

The Northern Territory operations again performed to expectations during the half-year with the decline in the Mandorah service offset by growth in Tiwi Island and Groote Eylandt.

The *MV Tommy Lyon* is performing well and the *MV Duffy* has recently been reconfigured and transferred to Darwin to operate on the Groote Eylandt to Bickerton Eylandt service.

The Company continues to look for further opportunities to expand ferry services in the Northern Territory.

Gladstone
In Gladstone, the prior year period included three months of higher construction phase earnings. Revenue in the current reporting period reduced by $7.2 million as a result. During the half a facilities management contract was won with the QGC/Santos JV and a dry lease contract for the *MV Quandamooka* until at least March 2018 was put in place.

The *MV Bruce* underwent a major out of water slipping and the *MV Capricornian Sunset* was refurbished and transferred to Western Australia to operate the Rottnest Island service. The *MV Capricornian Spirit* remains on long term contract in Gladstone with the remaining three Capricornian vessels operating in Melbourne, Sydney and Auckland.

Contracted work for the MV Mandurama ended in August 2017 and new opportunities for this vessel are being pursued.

Dividend
SeaLink's Directors today declared a 6.5 cents per share fully franked interim dividend payable on 20 April 2018 to shareholders registered on 6 April 2018. The interim dividend for the half-year ended 31 December 2016 was 6.0 cents per share.

SeaLink's dividend policy calculated annually, is to return to shareholders between 50-70% of after-tax profit, 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. The interim dividend represents a 58.2% return of after tax net profit to shareholders.

Matters subsequent to the end of the financial half-year

SeaLink has entered into an Agreement to acquire the Kingfisher Bay Resort Group on Fraser Island for $43 million. The acquisition includes the two major resorts on Fraser Island, coach touring business and ferry operations.

There are no significant events after the end of the reporting period which have come to our attention.

Significant changes in the state of affairs
There were no major changes in the state of affairs during the half-year.

Outlook
As a key part of its strategy to expand, SeaLink will continue to seek acquisitions that fit within its defined investment criteria.

Assuming average seasonal and current business conditions remain over the remainder of the period the business is forecasting trading for the six months to June 2018 to be in-line with the previous year excluding the impact of any new acquisitions.

Rounding
The amounts contained in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191. The Company is an entity to which the Legislative Instrument 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

A J McEvoy
DIRECTOR

Sydney
Date: 21 February 2018

Building a better
working world

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

As lead auditor for the review of SeaLink Travel Group Limited for the half-year ended 31 December 2017, 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

Nigel Stevenson
Partner
Adelaide
21 February 2018

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES

INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Note		2017 $'000		2016 $'000
Continuing Operations					
Revenue			100,379		105,140
Interest income			13		21
Other income			443		623
Total income			100,835		105,784
Direct Operating Expenses-					
Direct wages			27,689		30,025
Repairs and maintenance			5,590		5,834
Fuel			4,102		3,817
Commission			3,980		3,770
Meals and beverage			5,904		5,756
Accommodation			1,809		1,955
Tour costs			4,281		5,432
Depreciation			5,323		5,162
Other direct expenses			5,483		5,291
Administration Expenses-					
Indirect wages			10,631		10,128
General and administration			5,969		5,813
Marketing and selling			1,589		1,312
Financing charges			1,383		1,694
Amortisation of customer contracts			780		780
Total Expenses			84,513		86,769
Profit before tax from continuing operations			16,322		19,015
Income tax expense	1A		5,027		5,908
Profit for the half year from continuing operations			**11,295**		**13,107**
Attributable to equity holders of the parent			**11,295**		**13,107**
Earnings per share-					
Basic profit for the period attributable to ordinary equity holders of the parent		$	0.112	$	0.130
Diluted profit for the period attributable to ordinary equity holders of the parent		$	0.111	$	0.129

Notes to and forming part of the financial statements are included on Pages 13 to 19.

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME ("OCI")

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Note	2017 $'000	2016 $'000
Profit for the half year		11,295	13,107
Other comprehensive income			
Net (loss) / gain on cash flow hedge (interest rate swap)		80	678
Deferred tax	1A	(24)	(203)
Net other comprehensive (loss)/gain to be reclassified to Profit & Loss in subsequent financial periods		56	475
Total comprehensive income for the half year, net of tax		**11,351**	**13,582**
Attributable to equity holders of the parent		**11,351**	**13,582**

Notes to and forming part of the financial statements are included on Pages 13 to 19.

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	31 DECEMBER 2017 $'000	30 JUNE 2017 $'000
CURRENT ASSETS			
Cash and cash equivalents	2A	7,707	2,923
Trade and other receivables		14,200	10,310
Inventories		3,463	3,403
Prepayments		1,757	1,958
TOTAL CURRENT ASSETS		27,127	18,594
NON-CURRENT ASSETS			
Property, plant and equipment	2B	175,805	170,787
Intangible assets	2C	45,407	46,188
Deferred tax assets		3,869	3,894
TOTAL NON-CURRENT ASSETS		225,081	220,869
TOTAL ASSETS		252,208	239,463
CURRENT LIABILITIES			
Trade and other payables		13,274	8,594
Unearned revenue		6,780	5,487
Interest-bearing loans and borrowings	2D	2,837	3,060
Current tax liabilities		(102)	2,020
Other financial liabilities	2D	85	123
Provisions		7,561	7,950
TOTAL CURRENT LIABILITIES		30,435	27,234
NON-CURRENT LIABILITIES			
Unearned revenue		891	977
Interest-bearing loans and borrowings	2D	63,789	58,072
Deferred tax liabilities		4,430	4,140
Other financial liabilities	2D	298	340
Provisions		1,336	1,017
TOTAL NON-CURRENT LIABILITIES		70,744	64,546
TOTAL LIABILITIES		101,179	91,780
NET ASSETS		151,029	147,683
EQUITY			
Contributed equity	3A	95,557	95,557
Reserves		465	322
Retained earnings		55,007	51,804
TOTAL EQUITY		151,029	147,683

Notes to and forming part of the financial statements are included on Pages 13 to 19.

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

Consolidated	Note	CONTRIBUTED EQUITY	RETAINED EARNINGS	CASH FLOW HEDGE RESERVE	SHARE OPTION RESERVE	TOTAL
		$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2016		95,557	41,628	(749)	519	136,955
Profit for the period		-	13,107	-	-	13,107
Other comprehensive income		-	-	475	-	475
Total comprehensive income for the period		-	13,107	475	-	13,582
Transactions with owners in their capacity as owners-						
Dividends paid or provided for	3B	-	(7,587)	-	-	(7,587)
Issue of share capital	3A	-	-	-	-	-
Issue of share options		-	-	-	77	77
Balance at 31 December 2016		95,557	47,148	(274)	596	143,027
Balance at 1 July 2017		95,557	51,804	(324)	646	147,683
Profit for the period		-	11,295	-	-	11,295
Other comprehensive income		-	-	56	-	56
Total comprehensive income for the period		-	11,295	56	-	11,351
Transactions with owners in their capacity as owners-						
Dividends paid or provided for	3B	-	(8,092)	-	-	(8,092)
Issue of share capital	3A	-	-	-	-	-
Issue of share options		-	-	-	87	87
Balance at 31 December 2017		95,557	55,007	(268)	733	151,029

Notes to and forming part of the financial statements are included on Pages 13 to 19.

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Receipts from customers		98,096	111,012
Payments to suppliers and employees		(69,844)	(71,626)
Net GST paid		(2,346)	(4,023)
Interest received		13	21
Interest paid		(1,383)	(1,694)
Income tax paid		(6,858)	(16,907)
Net operating cash flows		17,678	16,783
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment	2B	82	43
		82	43
Cash was disbursed to:			
Payments for property, plant and equipment	2B	(10,378)	(5,854)
Acquisition of new businesses (net of cash acquired)		-	-
		(10,378)	(5,854)
Net investing cash flows		(10,296)	(5,811)
Cash flows from financing activities			
Proceeds from issue of shares	3A	-	-
New borrowings		9,117	12,581
Repayment of borrowings		(3,623)	(8,867)
Dividend paid	3B	(8,092)	(7,587)
Net financing cash flows		(2,598)	(3,873)
Net increase / (decrease) in cash held		4,784	7,099
Cash and cash equivalents at 1 July		2,923	5,208
Cash and cash equivalents at 31 December	2A	7,707	12,307

Notes to and forming part of the financial statements are included on Pages 13 to 19.

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SECTION 1: KEY NUMBERS - STATEMENTS OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

1A 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 year ended 31 December 2017 and 2016 are:

	2017 $'000	2016 $'000
Consolidated statement of profit and loss		
Current tax	4,701	6,761
Deferred tax	226	(1,011)
Under (over) provision in respect of prior years plus adjustments	100	158
Income tax expense reported in the income statement	5,027	5,908
Consolidated statement of OCI		
Deferred tax related to items recognised and charged in OCI during the year:		
Tax on net profit on revaluation of cash flow hedges	(24)	(203)

1B OPERATING SEGMENT REPORTING

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

- Kangaroo Island SeaLink ("SA"), which offers ferry services, tours in South Australia, packaged holidays, retail travel services, accommodation facilities at Vivonne Bay and accommodated cruising on the Murray River;
- Captain Cook Cruises ("CCC") which operates tourist cruises, lunch, dinner and charter cruises and ferry passenger services on Sydney Harbour and in Perth;
- SeaLink Queensland ("QLD") which includes ferry and barging operations throughout Queensland and the Northern Territory. This unit provides ferry passenger services as well as offering packaged holidays; and
- Corporate (Head Office), which provides finance, administration and risk management support.

The Board and Executive Committee monitors the operating results of each business unit separately for the purpose of making decisions about strategy, resource allocation, cost management and performance assessment. Segment performance is measured consistently with operating profit or loss in the consolidated financial statements. Group income taxes and funding are managed on a Group basis and are not allocated to the segments below. Transfer pricing between operating segments is on an arm's length basis in a manner similar to transactions with third parties.

Half year ended 31 December 2017	SA $'000	CCC $'000	QLD $'000	Corporate $'000	Eliminations $'000	Consolidated $'000
Internal revenue	2,518	616	490	827	(4,451)	-
External Revenue	33,689	27,819	39,426	(112)		100,822
Results						
Capital expenditure	1,653	7,448	1,276	1	-	10,378
Amortisation of customer contracts	-	78	702	-	-	780
Depreciation	1,268	1,151	2,902	2	-	5,323
Segment profit before interest and allocations - continuing operations	8,747	1,434	10,596	(3,085)	-	17,692
Corporate allocations	(1,992)	(520)	(573)	3,085	-	-
Segment profit before interest and tax - continuing	6,755	914	10,023	-	-	17,692
Interest income						13
Interest cost and finance charges						(1,383)
Segment profit before tax - continuing operations						16,322

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

SECTION 1: KEY NUMBERS - STATEMENTS OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

1B OPERATING SEGMENT REPORTING (CONT)

Half year ended 31 December 2016

	SA	CCC	QLD	Corporate	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Internal revenue	1,950	-	490	1,189	(3,629)	-
External revenue	33,345	27,198	45,332	(112)	-	105,763
Results						
Capital expenditure	2,327	3,066	461	-	-	5,854
Amortisation of customer contracts	-	78	702	-	-	780
Depreciation	1,025	1,243	2,892	2	-	5,162
Segment profit before interest and allocations - continuing operations	8,223	3,343	11,774	(2,652)	-	20,688
Corporate allocations	(1,534)	(511)	(607)	2,652	-	-
Segment profit before interest and tax - continuing	6,689	2,832	11,167	-	-	20,688
Interest income						21
Interest cost and finance charges						(1,694)
Segment profit before tax - continuing operations						19,015

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

	SA	CCC	QLD	Corporate	Eliminations	Consolidated
At 31 December 2017	$'000	$'000	$'000	$'000	$'000	$'000
Operating assets	47,384	52,383	148,564	8	-	248,339
Operating liabilities	80,159	9,211	7,481	-	-	96,851
At 30 June 2017						
Operating assets	43,710	43,787	148,064	8	-	235,569
Operating liabilities	71,317	6,552	7,751	-	-	85,620

Reconciliation of assets and liabilities

	31 DECEMBER 2017	30 JUNE 2017
	$'000	$'000
Segment operating assets	248,339	235,569
Deferred tax assets	3,869	3,894
Group total assets	252,208	239,463
Segment operating liabilities	96,851	85,620
Current tax liabilities	102	2,020
Deferred tax liabilities	4,430	4,140
Group total liabilities	101,179	91,780

1C SEASONALITY OF RESULTS

The Group provides products in the areas of transport and tourism services in Australia, the latter being quite seasonal 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 are expected to be similar to the first half. Operating profit is forecast to be higher in the second 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" as considered by AASB 134 Interim Financial reporting.

SECTION 2: KEY NUMBERS - STATEMENT OF FINANCIAL POSITION

2A CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash
For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following-

	31 DECEMBER 2017	30 JUNE 2017
	$'000	$'000
Cash	4,774	2,295
Cash on deposit	2,933	628
Total cash and cash equivalents	7,707	2,923

2B PROPERTY, PLANT AND EQUIPMENT

Acquisitions and Disposals
During the six months ended 31 December 2017, the Group acquired assets with a cost of $10,376,000 (2016: $5,854,000).

Assets with a net book value of $39,000 were disposed of by the Group during the six months ended 31 December 2017 (2016: $29,000) resulting in a net profit on disposal of $43,000 (2016: $14,000).

Work in progress as at 31 December 2017 was $568,000 (2016: nil).

2C GOODWILL / 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 2017.

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.

2D FINANCIAL INSTRUMENTS

Interest-bearing loans and borrowings have a fair value of $66,639,000 (2016: $73,099,000) and a carrying value of $66,626,000 (2016:$73,090,000).

Borrowing and repayment of debt
During the six month period, interest-bearing borrowings of $3,623,000 were repaid from cash raised through cash flow from operations. Drawdowns of $9,117,000 were made to fund operations and lease 2 new buses.

Cash flow hedge for interest rate risk
The Group entered into a 5 year fixed term interest rate swap effective 1 December 2015 at a rate of 2.53% before interest margin and line fees. The terms of the interest rate swap have a close match to the variable interest rate liability arising from bill facilities. Consequently, the hedges were assessed to be highly effective.

The fair value adjustment required was assessed as material and as such, the gross difference of $383,000 (2016: $392,000) was recorded as a financial liability with the associated tax effect forming part of Deferred Tax Asset. The net difference in movement of $56,000 (2016: $475,000) is shown through the statement of other comprehensive income. The fair value of the interest rate swap at 31 December 2017 is $383,000, which has been disclosed in the Statement of Financial Position as Other Financial Liabilities.

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.

SECTION 3: CAPITAL

3A EQUITY

	Contributed Equity For the half year ended		No. of Shares on Issue For the half year ended	
	2017	2016	2017	2016
Issued and fully paid ordinary shares (all issued shares fully paid)-	$'000	$'000	000's	000's
Opening balance	95,557	95,557	101,154	101,154
Conversion of Options	-	-	-	-
Issue of shares through a Share Placement in September 2015	-	-	-	-
Issue of shares through a Share Purchase Plan in October 2015	-	-	-	-
Issue of shares as purchase consideration in November 2015	-	-	-	-
Deferred tax associated with share issue expenses	-	-	-	-
Total	95,557	95,557	101,154	101,154

During the half year, there were no new shares issued.

3B DIVIDENDS

Dividends on ordinary shares declared and paid during the six month period:		
Final dividend for 2017: 8.0 cents (2016: 7.5 cents)	8,092	7,587
Dividends on ordinary shares proposed for approval (not recognised as a liability as at 31 December):		
Interim dividend for 2018: 6.5 cents (2017: 6.0 cents)	6,575	6,009

SECTION 4: ACCOUNTING POLICIES

4A BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 31 December 2017 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 2017.

4B CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2017. New Standards effective from 1 July 2017 have not had a material impact on recognition, measurement and disclosure for the half year ended 31 December 2017.

The Group intends to adopt AASB 9 in full from 1 January 2018 and has performed an initial assessment of the impacts to the financial report.
No material changes are expected from its application, including the interest rate swap currently accounted for under AASB 139.
The standard is planned to be applied retrospectively, however, the standard allows for relief from restatement of comparatives.
Based on the nature of financial instruments at 31 December 2017, management have assessed that there will be no material impact on the adoption of AASB 9.

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

SECTION 5: UNRECOGNISED ITEMS

5A CAPITAL COMMITMENTS

	For the half year ended	
	2017	2016
	$'000	$'000
Vessels	1,320	-
Buses	-	-
Other	-	-

5B CONTINGENCIES

There were no contingencies of material note as at 31 December 2017 (2016: Nil).

5C EVENTS REPORTED AFTER THE REPORTING PERIOD

A fully franked dividend of $6.575m representing 6.5 cents per share based on the current number of ordinary shares was declared by the Directors on 21 February 2018 to be paid 20 April 2018. Apart from this matter, no events have occurred subsequent to the half year end which would, in the absence of disclosure, cause the financial report to be misleading.

SECTION 6: OTHER

6A CORPORATE INFORMATION

The interim consolidated financial statements of the Group for the six months year ended 31 December 2017 were authorised for issue in accordance with a resolution of Directors on 21 February 2018.

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 1B.

The Company's Registered Office is 440 King William Street, Adelaide SA 5000.

The Company's Share Registry is managed by Boardroom Pty Limited, Level 8, 446 Collins Street, Melbourne, Victoria 3000.

6B SHARE OPTIONS AND PERFORMANCE RIGHTS

Employee Performance Rights
In September 2016, 15,000 performance rights were granted to a Key Management Personnel under the SeaLink Employee Option Plan. The performance rights will vest after a period of 3 years as long as the senior employee is still employed on such date and the share price was at least $5.94.

Following approval at the October 2016 AGM, 160,000 performance rights were issued to the Managing Director, Mr Jeffrey Ellison on 25 October 2016. These performance rights will vest after a period of 3 years as long as the Managing Director is still employed on such date and the performance hurdle, being the achievement of a cumulative growth rate in earnings per share over the 3 year period of 12% p.a, is met.

Employee Share Options
Following approval at the October 2016 AGM, 100,000 zero priced options were issued to the Chairman, Mr Andrew McEvoy on 25 October 2016. The options will vest after a period of 3 years as long as the Chairman is still employed on such date.

The fair value of the performance rights granted were valued at $1.72 and $4.11 per share respectively for those issued in September and October 2016. The total cost of $693,400 is being expensed over the vesting period of 3 years.

The fair value of the options granted were valued at $4.11 per share respectively. The total cost of $411,000 is being expensed over the vesting period of 3 years.

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

Dividend yield		2.69%
Expected volatility		29.40%
Risk-free interest rate		1.61%
Expected life (years)		3.0
Underlying security value	$	4.46

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 2017, the Group recognised $87,000 of share-based payments expense (2016: $77,000).

6C 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 $6,895 from Vectra Corporation Ltd, a company associated with Mr C Smerdon (2016: $6,696);
- Purchases and services totalling $Nil from Pacific Marine, a company associated with Mr T Dodd (2016: $147,400);

SEALINK TRAVEL GROUP LIMITED 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 2017 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.

On behalf of the Board

SeaLink Travel Group Ltd
Andrew McEvoy
Chair
21 February, 2018

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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 2017, the statement of profit and loss, statement of other 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 2017 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 2017 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

Nigel Stevenson
Partner
Adelaide
21 February 2018