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OCEAN CAPITAL LIMITED
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30 September 2010

The Manager
Australian Stock Exchange
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Company Announcements Platform
PO Box H224
AUSTRALIA SQUARE NSW 1215

OCEAN CAPITAL LIMITED

FULL YEAR STATUTORY ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2010

In accordance with the ASX Listing Rules, attached is the Full Year Statutory Accounts for the year ended 30 June 2010.

John Crawford.

John Crawford
Company Secretary

Enc.

Ocean Capital Limited
And Controlled Entities

ABN 68 010 715 901

30 June 2010

Contents

OCEAN CAPITAL LIMITED AND CONTROLLED ENTITIES
ABN 68 010 715 901
DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2010

The Board of Directors of Ocean Capital Limited presents the following report on the consolidated entity (referred hereafter as the "Group") consisting of Ocean Capital Limited and its controlled entities for the year ended 30 June 2010.

1. OPERATING RESULTS

Earnings before interest, tax, depreciation & impairment were $1,505k. This result includes the effect of changes in the accounting standards which resulted in a one off write-off of sales and marketing expenses previously capitalised of $263k. This represents a 56% change from the corresponding period.

The impairment write–down of $2,024k consisted primarily of property assets amounting to $2,000k and goodwill of $24k.

The profit/(loss) of the Group for the year ended 30 June 2010 after providing for income tax amounted to ($1,755k) (2009: $1,070k) a decrease of 264%.

2. DIVIDENDS

The Directors have declared a fully franked dividend of 0.75 cents per share (2009 1.5 cents), totalling $604k (2009 $1,208k) for the year ended 30 June 2010.

3. PRINCIPAL ACTIVITIES

The principal activities of the Group involve the provision of tourism related services.

There were no significant changes in the nature of the Group's principal activities during the reporting period.

4. DIRECTORS' INFORMATION

The names and particulars of the Directors of the company in office at any time during or since the end of the financial year to the date of this report are:

Name of Director	Qualifications and Experience	Number of Directors' Meetings	Number of Directors' Meetings Attended
David R Kingston	Investment Banker BCom. LLB appointed 12 August 2002. Chairman of Ocean Capital Ltd and former Managing Director Investment Banking of N M Rothschild & Sons (Australia) Ltd.	4	4
Jayne Pester	Executive Director Appointed 26 November 2003	4	4
Malcolm J McComas	Investment Banker BEc, LLB, SF Fin, FAICD Non Executive Director appointed 28 July 2008. Principal of McComas Capital Pty Ltd. Directorships in other listed entities: Pharmaxis Ltd from July 2003 to the present. Former chairman of Sunshine Heart Inc. from July 2004 to December 2008.	4	4

4. DIRECTORS' INFORMATION (continued)

David Kingston and his associates, Sun-2 Pty Ltd, and K Capital Pty Ltd, have a relevant interest within the meaning of the Corporation Act 2001 in 59,400,222 shares in the company.

Jayne Pester has a relevant interest within the meaning of the Corporation Act 2001 in 380,600 shares in the company.

Malcolm McComas and his associates, McComas Capital Pty Ltd (previously Movilli Pty Ltd) and Bunyula Super Pty Ltd, have a relevant interest within the meaning of the Corporation Act 2001 in 2,144,829 shares in the company.

No formal policy has been adopted regarding employees and directors hedging exposure to holdings of the company's securities. No employee or directors have hedged their exposures.

5. COMPANY SECRETARY

John Crawford (B.Bus CA SA Fin) was appointed company secretary on 19 December 2006. John is a partner of V J Ryan & Co Chartered Accountants and has a number of years experience in audit and compliance services.

6. REVIEW OF OPERATIONS

The Group's operations were adversely affected in the 2009/2010 year by the continued substantial economic slowdown producing challenging conditions for the tourism industry. Revenue reduced by 16% from $27.8 million in 2009 to $23.4 million in 2010.

Notwithstanding tight cost control, fixed costs of the Group meant that EBITDA fell 56% from $3.40 million to $1.5 million.

In addition to the challenging economy, the high AUD adversely affects Australian tourism operations and price competition has been substantial both from Australian operators and from international tourism products. A cyclone in March in the Whitsunday area affected revenue for those properties as a result of damage and also forward bookings for the subsequent three months.

There have been some successes achieved with Sunlover Reef Cruises performing strongly.

The 2010/2011 budget sees a return to profit and is supported by a growing Asian market, a focus on sales and marketing and a substantially improved management team and continued investment in our tourism products.

7. FINANCIAL POSITION

Tourism is a cyclical industry and Ocean's profitability has declined at this stage of the cycle. However, Ocean continues to be in a solid financial position and a rebound in profitability is expected as the tourism industry recovers.

Our five businesses are all unencumbered and our properties are predominantly either freehold or perpetual leasehold. We have a strong balance sheet with no debt and over $900k surplus cash on hand at 30 June 2010.

8. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no other significant changes in the state of affairs of the Group during the financial year other than as set out in this Directors' Report.

9. AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, other than the sale of surplus land at Cape Tribulation on the 28th September 2010 for $1million.

10. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Ocean has a policy to selectively review potential acquisitions to generate improved shareholder value. The board have resolved sell abovementioned unutilised land and a further piece of unutilised land in the Cape Tribulation area.

11. REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration of each director of Ocean Capital Limited and for key management and executives receiving the highest remuneration.

(a) Remuneration policy:

The Group's remuneration policy has been designed to align directors and management objectives with shareholder and business objectives by providing fixed remuneration with incentives from time to time. The Board believes the remuneration policy to be appropriate to attract and retain the best persons to run and manage the Group as well as create a common interest in goals between directors, managers and shareholders.

Remuneration of both executive and non executive directors comprise fees determined having regard to industry practice, the need to obtain appropriately qualified independent persons and consideration of costs for persons of similar levels of responsibility. Fees do not include any non monetary elements. Fees for the non executive chairman of directors are not linked to the performance of the Group.

(b) Employment contracts of Directors and Senior Executives:

Subsequent to year end Ms Pester has reduced her hours to a part-time transitional role. Senior Executives as listed in part 11 of this report are employed under 12 month contracts with roll over.

11. REMUNERATION REPORT (Audited) (continued)

The employment contracts generally stipulate a one month resignation period. The Group retains the right to terminate the contract immediately by making payment equal to one month's pay in lieu of notice. On termination, directors and executives are entitled to receive their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits. No other termination benefits are payable.

(i) Names and positions held by the Group's key management personnel in office at any time during the financial year are:

Key Management Person	**Position**
Mr David R Kingston	Chairman - Non-Executive
Mr Malcolm McComas	Non-Executive Director
Mr John Crawford	Company Secretary
Ms Jayne E Pester	Group General Manager
Ms Varia Mitchell	Sales and Marketing
Ms Katrina Faulkner[1]	Group Financial Controller
Ms Tracy Hay[2]	Group Financial Controller
Ms Gillian Shaw[3]	Group Financial Controller

[1] *resigned 14 October 2009*
[2] *commenced15 November 2009 resigned 31 May 2010*
[3] *commenced 13 May 2010*

11. REMUNERATION REPORT (Audited) (continued)

(ii) **2010 Key Management Personnel**

	Short-term benefits			Post-employment benefits	Share based payment	Total	Performance related
	Cash Salary $	Cash Incentive $	Cash Other# $	Super-annuation $	Options $	$	%
Mr David Kingston	71,560	-	-	6,440	-	78,000	-
Mr Malcolm McComas	-	-	20,000	-	-	20,000	-
Mr John Crawford	-	-	42,641	-	-	42,641	-
Ms Jayne Pester	117,823	-	4,932	10,604	-	133,359	-
Ms Varia Mitchell	92,842	-	-	8,355	-	101,197	-
Ms Katrina Faulkner[1]		-	30,877	3,890	-	34,767	-
Ms Tracy Hay[2]	49,347	-	-	4,255	-	53,602	-
Ms Gillian Shaw[3]	12,923	-	-	1,163	-	14,086	-
	344,495	-	98,450	34,707	-	477,652	-

[1] *resigned 14 October 2009*
[2] *commenced15 November 2009 resigned 31 May 2010*
[3] *commenced 13 May 2010*

2009 Key Management Personnel

	Short-term benefits			Post-employment benefits	Share based payment	Total	Performance related
	Cash Salary $	Cash Incentive $	Cash Other# $	Super-annuation $	Options $	$	%
Mr David Kingston	71,559	-	-	6,440	-	77,999	-
Mr Malcolm McComas[1]	-	-	20,000	-	-	20,000	-
Mr John Crawford	-	-	45,112	-	-	45,112	-
Ms Jayne Pester	126,586	-	5,000	11,393	-	142,979	-
Ms Varia Mitchell[2]	44,134	-	-	3,972	-	48,106	-
Mr Michael Gray[3]	2,470	-	-	222	-	2,692	-
Ms Karen Naylor[4]	89,124	-	-	8,021	-	97,145	-
Ms Clair Salisbury[5]	40,409	-	-	3,637	-	44,046	-
Ms Katrina Faulkner[6]	-	-	87,632	7,887	-	95,519	-
	374,282	-	157,744	41,572	-	573,598	-

[1] *commenced 28 July 2008*
[2] *commenced 10 November 2008*
[3] *resigned 28 July 2008*
[4] *resigned 24 April 2009*
[5] *resigned 12 December 2008*
[6] *commenced 1 December 2008*

11. REMUNERATION REPORT (Audited) (continued)

(iii) **2010 Executive Management Personnel**

	Short-term benefits			Post-employment benefits	Share based payment	Total	Performance related
	Cash Salary	Cash Incentive	Cash Other	Super-annuation	Options		
	$	**$**	**$**	**$**	**$**	**$**	**%**
Mr Fraser Bruce[1]	50,562	-	-	4,551	-	55,113	-
Mr Nicholas Moon	70,504	-	-	6,345	-	76,849	-
Mr Jamie Neal	101,407	-	-	9,127	-	110,534	-
Mr Nathan Robinson	85,212	-	-	7,669	-	92,881	-
Ms Samantha Wood[2]	39,638	-	-	3,266	-	42,904	-
	347,323	-	-	30,958	-	378,281	-

[1] commenced 27 September 2009
[2] resigned 9 December 2009

2009 Executive Management Personnel

	Short-term benefits			Post-employment benefits	Share based payment	Total	Performance related
	Cash Salary	Cash Incentive	Other	Super-annuation	Options		
	$	**$**	**$**	**$**	**$**	**$**	**%**
Mr Nicolas Moon	73,397	-	-	6,606	-	80,003	-
Mr Jamie Neal[1]	88,308	-	-	7,948	-	96,256	-
Mr Nathan Robinson[2]	31,441	-	-	2,830	-	34,271	-
Mr Allan Prior[3]	38,092	-	-	3,428	-	41,520	-
Mr Shannon Surch[4]	64,325	-	-	5,879	-	70,204	-
	295,563	-	-	26,691	-	322,254	-

[1] commenced 14 July 2008
[2] commenced 9 February 2009
[3] commenced 3 December 2008
[4] commenced 7 July 2008 and resigned 13 September 2008

12. INDEMNIFICATION OF OFFICERS

During or since the end of the reporting period, the parent entity has paid premiums in respect of a contract insuring all the directors and officers of the Group against all claims, proceedings, liabilities and expenses incurred in their position as directors or officers of the company except where the liability arises out of conduct involving a wilful breach of duty or where the liabilities have been imposed by law or for any legal action or litigation outside the jurisdiction of the contract. The total amount of the insurance contract premiums paid during the year were $11,278 (2009: $10,818).

13. AUDITOR INDEPENDENCE DECLARATION

    The Auditor Independence Declaration under Section 307C of the Corporations Act 2001 forms part of this directors' report and is attached on the following page.

14. NON-AUDIT SERVICES

    Appointed auditors BDO (NTH QLD) did not provide any non-audit services during the period of audit appointment. (2009: Nil).

15. AUDIT COMMITTEE

    Subsequent to year end the Group reconstituted an audit committee consisting of David Kingston, Chairman and Gillian Shaw, Group Financial Controller. During the year there was an audit committee which consisted of David Kingston, Chairman and Katrina Faulkner, Group Financial Controller. The committee's responsibilities were to oversee the existence and maintenance of internal controls and accounting systems, oversee the financial reporting process, nominate external auditors and review the existing external audit arrangements. Katrina Faulkner resigned on 14 October 2009. No formal audit committee meetings were held during the year.

16. PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION

    The Group's operations are subject to significant environmental regulation under the laws of the Commonwealth and State. There has been no matter either during or since the end of the reporting period which, in the opinion of the Directors, would give rise to any material conflict with the provisions of the existing environmental regulations.

17. ROUNDING OF AMOUNTS

    The company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in this report and in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors.

Dated at Sydney this 29th day of September 2010.

DAVID KINGSTON
CHAIRMAN

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DECLARATION OF INDEPENDENCE BY GREG MITCHELL TO THE DIRECTORS OF OCEAN CAPITAL LIMITED

As lead auditor of Ocean Capital Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ocean Capital Limited and the entities it controlled during the period.

Greg Mitchell
Partner

BDO

BDO (NTH QLD)

Cairns 29 September 2010

OCEAN CAPITAL LIMITED AND CONTROLLED ENTITIES
ABN 68 010 715 901
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated Entity	
	Note	**2010 $000**	**2009 $000**
Revenue	2	**23,434**	27,795
Administrative costs		**(650)**	(1,020)
Catering		**(785)**	(823)
Cost of sales		**(3,559)**	(5,394)
Communications		**(234)**	(264)
Linen		**(244)**	(333)
Employee related expenses		**(9,742)**	(10,545)
Finance costs		**(57)**	(37)
Fuel		**(937)**	(845)
Occupancy		**(2,173)**	(1,696)
Passenger taxes & levies		**(357)**	(367)
Repairs & replacements		**(1,074)**	(787)
Sales & marketing		**(1,543)**	(1,069)
Other expenses		**(574)**	(1,219)
EBITDA	3	**1,505**	3,396
Depreciation and amortisation		**(2,105)**	(1,869)
Impairment		**(2,024)**	-
Profit/(loss) for the period before income tax	3	**(2,624)**	1,527
Income tax benefit/(expense)	4	**869**	(457)
Profit/(loss) attributable to members		**(1,755)**	1,070
Other comprehensive income net of tax		**-**	-
Total comprehensive profit/(loss) for the year		**(1,755)**	1,070
Basic earnings per share (cents per share)	18	**(2.179)**	1.328
Diluted earnings per share (cents per share)	18	**(2.179)**	1.328

The above statement of comprehensive income is to be read in conjunction with the attached notes.

OCEAN CAPITAL LIMITED AND CONTROLLED ENTITIES
ABN 68 010 715 901
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Notes	Consolidated Entity 2010 $000	2009 $000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**920**	1,541
Trade and other receivables	6	**1,202**	1,775
Inventories	7	**242**	184
Current tax assets		**151**	50
Other current assets	8	**245**	303
Land held for resale	10	**453**	-
TOTAL CURRENT ASSETS		**3,213**	3,853
NON CURRENT ASSETS			
Property, plant & equipment	9	**29,076**	32,219
Intangible assets	11	**-**	23
Deferred tax assets	4	**4,498**	3,692
TOTAL NON CURRENT ASSETS		**33,574**	35,934
TOTAL ASSETS		**36,787**	39,787
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**2,805**	2,900
Provisions	13 (a)	**58**	-
TOTAL CURRENT LIABILITIES		**2,863**	2,900
NON CURRENT LIABILITIES			
Provisions	13 (b)	**298**	298
TOTAL NON CURRENT LIABILITIES		**298**	298
TOTAL LIABILITIES		**3,161**	3,198
NET ASSETS		**33,626**	36,589
EQUITY			
Share capital		**20,865**	20,865
Retained earnings		**12,761**	15,724
TOTAL EQUITY		**33,626**	36,589

The above statement of financial position is to be read in conjunction with the attached notes.

OCEAN CAPITAL LIMITED AND CONTROLLED ENTITIES
ABN 68 010 715 901
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

Consolidated Entity	Share Capital $000	Retained Earnings $000	Total $000
Balance at 1 July 2008	20,865	14,654	35,519
Profit for the year	-	1,070	1,070
Total comprehensive income	-	1,070	1,070
Dividends	-	-	-
Balance at 30 June 2009	20,865	15,724	36,589
Balance at 1 July 2009	20,865	15,724	36,589
(Loss) for the year	-	(1,755)	(1,755)
Total comprehensive income	-	(1,755)	(1,755)
Dividends paid	-	(1,208)	(1,208)
Balance at 30 June 2010	20,865	12,761	33,626

The above statement of changes in equity is to be read in conjunction with the attached notes.

OCEAN CAPITAL LIMITED AND CONTROLLED ENTITIES
ABN 68 010 715 901
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated Entity	
		2010	2009
	Note	$000	$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and others		24,025	29,603
Payments to suppliers, employees and others		(21,899)	(26,335)
Interest received		47	34
Finance costs paid		(20)	(37)
Income taxes paid		(151)	(261)
Net cash provided by operating activities	2C	2,002	3,004
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property plant & equipment		(1,415)	(1,282)
Net cash (used in) investing activities		(1,415)	(1,282)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(800)
Dividends paid		(1,208)	-
Net cash (used in) financing activities		(1,208)	(800)
NET INCREASE/(DECREASE) IN CASH HELD		(621)	922
Cash and cash equivalents at beginning of year		1,541	619
CASH AND CASH EQUIVALENTS AT END OF YEAR	1C	920	1,541

The above statement of cash flows is to be read in conjunction with the attached notes.

OCEAN CAPITAL LIMITED AND CONTROLLED ENTITIES
ABN 68 010 715 901
NOTES TO STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

1C Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes –

(a) cash on hand and in at call deposits with banks or financial institutions, net of bank overdrafts; and
(b) investments in money market instruments with less than 14 days to maturity.

Cash at the end of the year is shown in the statement of financial position as:

	Consolidated Entity	
	2010	**2009**
	$000	**$000**
Cash on hand and at banks	**920**	1,541

2C Reconciliation of cash flow from operations with profit/(loss) after income tax:

Profit/(loss) after income tax	**(1,755)**	1,070
(a) Non cash flows in profit/(loss):		
Depreciation, amortisation & impairment	**4,167**	- 1,869
Total non-cash flows	**4,167**	1,869
(b) Changes in operating assets and liabilities:		
Trade and other receivables	**572**	564
Inventories	**(55)**	177
Other assets	**59**	69
Deferred tax assets	**(806)**	332
Trade and other payables	**(95)**	(736)
Provisions	**(47)**	(206)
Current tax liability	**(38)**	(135)
Total movements	**(410)**	65
NET CASH PROVIDED BY OPERATING ACTIVITIES	**2,002**	3,004

1. STATEMENT OF ACCOUNTING POLICIES

Ocean Capital Limited (the "Company") is a listed public company, incorporated and domiciled in Australia. The financial report comprises the Company and its subsidiaries (together referred to as the "Group"). Ocean Capital Limited is the parent entity (the "Parent Company").

The financial report was authorised on 28th September 2010 for issue by the directors.

a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Material accounting policies adopted by the Group in the preparation of the financial report are set out below. The accounting policies have been consistently applied, unless otherwise stated.

Historical cost
These financial statements have been prepared on an accruals basis and are based on historical costs.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. These estimates and judgements may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

As per note 9 to the financial statements the Board has used its skill, expertise and judgement to assess the recoverable amounts for property, plant and equipment totalling $27.3 million and as such has taken the decision to impair Hides Hotel Cairns by $2 million (2009 $nil).

Impairment
The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using the skill expertise and experience of the board of directors to calculate a fair value less costs to sell which incorporates various key assumptions.

Comparative figures
Where appropriate, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Functional and presentation currency
These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the Group.

Rounding of amounts
The Company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars other than those specifically excluded.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

b) Principles of consolidation

Subsidiaries
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation
Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade discounts/allowances and amounts collected on behalf of third parties. Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Interest revenue is recognised when received. All revenue is stated net of the amount of goods and services tax (“GST”).

d) Income tax

The current income tax expense or benefit is based on the profit for the year adjusted for any non-assessable or non deductible items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the statement of comprehensive income except where it relates to items that may be recognised in other comprehensive income or directly to equity, in which case the deferred tax is recognised in other comprehensive income directly in equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences or tax losses can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

d) Income tax (continued)

Ocean Capital Limited and its wholly owned subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Ocean Capital Limited is the head company and is responsible for recognising the current tax and deferred tax assets arising from unused tax losses for the tax consolidated group. Current tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the ‘stand-alone taxpayer’ approach. Any current tax liabilities/assets and deferred tax assets arising from unused tax losses are assumed by the head entity and are recognised by the Company as an equity contribution or distribution.

The Group notified the Australian Taxation Office that it had formed a tax consolidated group from 1 July 2003. The consolidated entity has no tax sharing arrangements between the head company and its subsidiaries as at the end of the financial year.

e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, is transferred to entities in the consolidated entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where alternative basis is more representative of the pattern of benefits to be derived from the leased property.

f) Impairment of assets

(i) Financial assets
A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Evidence of impairment may include indications that the customer is experiencing significant financial difficulty, and when debt collection procedures have commenced. When receivables for which impairment has previously been recognised are determined to be uncollectible, they are written off against the allowance account. If no provision for impairment was previously recognised, the impairment is written off against the receivable directly.

All impairment losses are recognised in profit or loss.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

f) Impairment of assets (continued)

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(ii) Non-financial assets
The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that largely are independent from other assets and groups. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of assets other than goodwill, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g) Trade receivables

Trade debtors are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full amount is no longer probable. Trade debts are usually settled on thirty day terms.

h) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business, less the estimated costs of completion and selling expenses. In prior periods the cost of inventory was based on the weighted average cost method.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

i) Property, plant and equipment

Property, plant and equipment are carried at cost, less where applicable, any accumulated depreciation or impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The depreciable amount of all fixed assets including buildings, but excluding land, are depreciated over the useful lives to the Group on a straight line basis and commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The average depreciation rates used for each class of depreciable assets are: -

Class of Fixed Asset	***Depreciation Rate***
Buildings	2.5%
Plant & Equipment	10% to 40%
Vessels and Reef Pontoons	10% to 20%

The gain or loss on disposal of all fixed assets, including any revalued assets, is determined as the difference between the carrying amount of the asset at the time of disposal and proceeds of disposal, and is recognised as income or expense in the year of disposal and included in profit or loss.

Subsequent costs
The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of the property, plant & equipment are recognised in the profit and loss as incurred.

j) Intangible assets

The carrying values of other intangibles which have an indefinite life are tested annually for impairment and carried at cost less accumulated impairment losses.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

k) Financial instruments

Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transactions costs. For instruments not at fair value, through profit or loss. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and at call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Available for sale assets
Available for sale assets are measured at fair value.

Other
Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Share capital
Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

l) Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the financial position date.

m) Provisions

In accordance with applicable legal requirements, a provision for site restoration in respect to the decommissioning of the pontoons in the Great Barrier Reef is recognised. The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes are reflected in the present value of the provision at the end of the reporting period.

The amount of the provision for future restoration costs is capitalised and is depreciated. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

n) Employee benefits

Short term benefits
Liabilities for employee benefits for wages, salaries, and annual leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts. A provision is recognised for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Contributions are made by the Group to employee superannuation funds (accumulation funds) and are charged as expenses when incurred.

Other long-term employee benefits
The Group's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and recognised in provisions.

Share-based payment transactions
The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

o) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

p) Finance costs

Finance costs including interest paid are recognised as an expense in the period in which they are incurred. Finance expenses comprise unwinding of the discount on provisions. All borrowing costs, except for those costs relating to qualifying assets, are recognised in profit or loss using the effective interest method.

q) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which primarily comprise share options granted to employees.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

r) Segment reporting

An operating segment is a component of the Group that is engaged in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Group operates in one segment being the provision of Tourism related services.

s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2010 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Sharebased Payment Transactions [AASB 2] (effective from 1 January 2010).
The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the Group settles the transaction or whether the transaction is settled in shares or in cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether as an equity or a cash settled transaction. The Group will apply these amendments retrospectively for the financial reporting period commencing 1 July 2010. There will be no impact on the Group's financial statements.

(ii) AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010).
In October 2009 the AASB issued an amendment for AASB 132 *Financial Instruments: Presentation* which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Group will apply the amended standard from 1 July 2010. As the Group has not made any such rights issues, the amendment will not have any effect on the Group's financial statements.

(iii) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013).
AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact. However, initial indications are that it may affect the Group's accounting for any available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the Group recognised nil such gains in other comprehensive income. The Group has not yet decided when to adopt AASB 9.

(iv) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011).

1. STATEMENT OF ACCOUNTING POLICIES (continued)

s) New Accounting Standards and interpretations (continued)

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The Group will apply the amended standard from 1 July 2011. When the amendments are applied, the Group will need to disclose any transactions between its subsidiaries and its associates. However, it has yet to put systems into place to capture the necessary information. It is therefore not possible to disclose the financial impact, if any, of the amendment on the related party disclosures.

(v) AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010).
AASB Interpretation 19 clarifies the accounting treatment when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The Group will apply the interpretation from 1 July 2010. It is not expected to have any impact on the Group's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the Group has not entered into any debt for equity swaps since that date.

(vi) AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011).
In December 2009, the AASB made an amendment to Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.* The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The Group does not make any such prepayments. The amendment is therefore not expected to have any impact on the Group's financial statements. The Group intends to apply the amendment from 1 July 2011.

t) New Accounting Standards and interpretations applied

The following accounting standard changes are mandatory for the reporting period ended 30 June 2010 and have been applied:

i) ASSB 138 *Intangible Assets* – Advertising and promotional expenses should be recognised as an expense when the entity has the right to access those goods. This amendment has had the effect of an additional $263k being expensed.
ii) AASB 101R *Presentation of Financial Statements*. This has affected the naming convention of reports and has had no impact on the Group's financial results.
iii) s295(2) and s303(2) *Corporations Act 2001* has been repealed and replaced. Where Accounting Standards require consolidated financial statements to be prepared, separate parent entity financial statements will not be required. Regulations require a note to be prepared to include parent entity financial information.

	Consolidated Entity 2010 $000	2009 $000
2. REVENUE		
Operating activities		
Sale of goods	**400**	635
Sale of services	**22,987**	27,126
Interest revenue from other persons	**47**	34
Total revenue	**23,434**	27,795
3. ITEMS INCLUDED IN PROFIT/(LOSS)		
Net bad and doubtful receivables	**36**	89
Superannuation	**693**	619
Operating lease payments:		
Minimum lease payments	**208**	168
Contingent Rentals	**357**	367

Note:
A wholly owned subsidiary (Sunlover Reef Cruises Pty Ltd) has a contingent rental lease obligation with Cairns Port Authority which is assessed from a fixed levy determined on the number of passengers using the facility. The levy charged for 2010 is $1.12 (2009: $1.07) per passenger.

	Consolidated Entity 2010 $000	2009 $000
4. INCOME TAX		
The income tax benefit/(expense) differs from the amount of prima facie tax on profit/(loss) and is reconciled as follows:-		
Prima facie tax on profit/(loss) before income tax at 30% (2009:30%)	**787**	(457)
Over provision for prior years	**82**	-
Income tax benefit/(expense)	**869**	(457)
(a) The components of tax benefit/(expense) comprise:		
Current tax	**82**	(200)
Deferred tax	**787**	(257)
Income tax benefit/(expense)	**869**	(457)
(b) Deferred tax assets comprise:		
Tax losses	**1,216**	958
Provisions	**204**	179
Buildings	**2,991**	2,410
Other	**87**	145
	4,498	3,692
(c) The overall movement in the deferred tax asset account is as follows :		
Opening balance	**3,692**	3,949
(Charge)/credit to profit or loss	**787**	(257)
Other adjustment	**19**	-
Closing balance	**4,498**	3,692

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(d) occur – tax losses: capital losses $411k (2009: $609k).

The Board anticipates generating taxable profits in the coming years based on current projections and past experience in the Tourism Industry. The industry has a cyclical trading pattern and results can be expected to improve in future periods. As such the deferred tax assets are expected to be recovered through future operating profits and profits from the sale of assets.

	Consolidated Entity 2010 $000	2009 $000
4. INCOME TAX (continued)		
(d) The movement in deferred tax assets for each temporary difference during the year is as follows:		
Provisions		
Opening balance	**179**	258
Credited/(charged) to the statement of comprehensive income	**25**	(79)
Closing balance	**204**	179
Other temporary differences		
Opening balance	**145**	34
Credited/(charged) to the statement of comprehensive income	**(58)**	111
Closing balance	**87**	145
Buildings		
Opening balance	**2,410**	2,537
Credited/(charged) to the statement of comprehensive income	**581**	(127)
Closing balance	**2,991**	2,410
Tax losses		
Opening balance	**958**	1,120
Credited/(charged) to the statement of comprehensive income	**258**	(162)
Closing balance	**1,216**	958
5. CASH AND CASH EQUIVALENTS		
Cash at bank	**875**	1,477
Cash on hand	**45**	64
	920	1,541
6. TRADE AND OTHER RECEIVABLES		
Trade receivables	**1,041**	1,529
Provision for impairment of receivables	**(12)**	(2)
	1,029	1,527
Sundry receivables	**173**	248
	1,202	1,775

6. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables are non-interest bearing and are generally on 30-60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. A provision for impairment loss has been recognised for the year ended 30 June 2010 of $12k (2009: $2k).

At 30 June, the ageing analysis of trade receivables was as follows:

	Consolidated Entity	
	2010	**2009**
	$000	**$000**
Current	**856**	1,002
31 - 60 days	**174**	344
61 - 90 days	**(5)**	122
91 days and over	**16**	60
Total trade receivables	**1,041**	1,528

As at 30 June 2010 the Group had debts that were past due but not doubtful in the amount of $11k (2009: $180k). These amounts relate to a number of independent customers for whom there is no recent history of default. The Group considers these trade receivables to be recoverable. The Group does not hold any collateral in relation to these receivables.

The Group considers all trade receivables that are not past due to be recoverable.

Movements in the provision for impairment of receivables are as follows:

Balance at 1 July	**2**	-
Provision for impairment recognised during the year	**36**	89
Receivables written off during the year as uncollectible	**(26)**	(87)
Unused amount reversed	**-**	-
Balance at 30 June	**12**	2

The creation and release of the provision for impaired receivables has been included in other expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

7. INVENTORIES		
Finished goods at cost	**242**	184
8. OTHER CURRENT ASSETS		
Prepayments	**179**	303
Accrued income	**62**	-
Security deposit	**4**	-
	245	303

	Consolidated Entity	
	2010	**2009**
	$000	**$000**
9. PROPERTY, PLANT AND EQUIPMENT		
Freehold land at cost	**1,966**	1,966
Transfer to land held for resale	**(453)**	-
Leasehold land at cost	**2,612**	2,612
	4,125	4,578
Buildings on freehold land at cost	**20,793**	20,775
Buildings on leasehold land at cost	**6,574**	6,252
Less accumulated depreciation	**(6,787)**	(6,078)
Less impairment	**(2,000)**	-
	18,580	20,949
Total Land and Buildings	**22,705**	25,527
Vessels and reef pontoons at cost	**2,956**	2,654
Less accumulated depreciation	**(1,353)**	(1,034)
	1,603	1,620
Plant and equipment at cost	**13,520**	13,266
Less accumulated depreciation	**(8,752)**	(8,194)
	4,768	5,072
Total Property, Plant and Equipment	**29,076**	32,219

Valuation of property, plant and equipment

The Directors have assessed the aggregate book value of the Company's five businesses and believe the current market value in aggregate would be equal to or greater than the book value of the businesses.

The property, plant and equipment owned by the wholly owned subsidiary, Sunlover Reef Cruises Pty Ltd, has been included at the amount paid on acquisition at 30 January 2006. The directors have assessed these assets as being undervalued however have not made any upward revaluation of property, plant and equipment in this entity.

Indicators of impairment exists in regards assets comprising the hotel/resort businesses of Long Island Resort, the Cape Tribulation Resorts and Hides Hotel Cairns. The Board has used its skill, expertise and judgement to assess the fair value for these assets. This assessment is based on their knowledge of current property markets and comparable sales. As such they have taken the decision to impair Hides Hotel Cairns by $2 million (2009 $nil) and Long Island Resort will be assessed by an independent valuer in the next two months. The post balance date event of sale of land at Cape Tribulation for $1 million will reduce its book value by that amount. All other assets remain in the balance sheet at acquisition cost.

9. PROPERTY, PLANT & EQUIPMENT (continued)

Movement in Carrying Amounts - **2010**

	Freehold and Leasehold Land	Buildings on Freehold and Leasehold Land	Vessels and Reef Pontoons	Plant and Equipment	Total
Consolidated Entity:					
Opening balance	4,578	20,949	1,620	5,072	32,219
Additions	-	345	330	739	1,414
Less disposals	-	-	-	-	-
Less depreciation expense	-	(714)	(347)	(1,043)	(2,105)
Less impairment	-	(2,000)	-	-	(2,000)
Transfer to land held for resale	(453)	-	-	-	(453)
Closing balance	**4,125**	**18,580**	**1,603**	**4,768**	**29,076**

Movement in Carrying Amounts - **2009**

	Freehold and Leasehold Land	Buildings on Freehold and Leasehold Land	Vessels and Reef Pontoons	Plant and Equipment	Total
Consolidated Entity:					
Opening balance	4,578	21,382	1,560	5,287	32,807
Additions	-	255	375	651	1,281
Less disposals	-	-	-	-	-
Less depreciation expense	-	(688)	(315)	(866)	(1,869)
Closing balance	**4,578**	**20,949**	**1,620**	**5,072**	**32,219**

	Consolidated Entity 2010 $000	Consolidated Entity 2009 $000
10. LAND HELD FOR RESALE		
Opening balance	**-**	-
Transfer from property, plant and equipment	**453**	-
Closing balance	**453**	-

The directors have resolved to make available for sale 2 lots of currently unutilised land in the Cape Tribulation area. Both of these blocks are expected to be realised within 12 months of reporting date. The lots were classified as non-current land & buildings in previous reporting periods.

	Consolidated Entity	
	2010	**2009**
	$000	**$000**

11. INTANGIBLE ASSETS

Other intangibles at cost	**23**	23
Less impairment	**(23)**	-
Closing balance	**-**	23

12. TRADE AND OTHER PAYABLES

Trade creditors	**1,622**	1,308
Sundry payables	**713**	988
Accrued expenses	**159**	305
Accrued annual leave	**311**	299
	2,805	2,900

13. PROVISIONS

(a) Current		
Employee benefits – long service leave	**58**	-
	58	-
(b) Non current		
Employee benefits - long service leave	**124**	134
Pontoon decommissioning	**174**	164
	298	298

(c) Movements in provisions

Movements in the pontoon decommissioning provision during the financial year are set out below:

	Pontoon decommission $000	**Total $000**
Carrying amount at start of year	164	164
Additional provisions recognised	10	10
Amounts used during the period	-	-
Carrying amount at end of year	174	174

Note: A provision has been recognised for the costs to be incurred for the decommissioning of the reef pontoons owned and operated by the wholly owned subsidiary and any requirement for the restoration of the Great Barrier Reef.

14. SHARE CAPITAL

	Consolidated Entity	
	2010 Number	**2009 Number**
(a) Contributed equity – ordinary shares at no par value:		
Opening balance	**80,512,389**	80,512,389
Shares issued during the year :	**-**	-
Closing balance	**80,512,389**	80,512,389

b) Capital management

Management considers the share capital and retained earnings as disclosed in the statements of financial position as capital. Management's objective is to ensure that the Group continues as a going concern as well as to maintain optimal surpluses to promote and manage its businesses. The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks in the market. This includes the management of debt levels, distribution to shareholders and share issues.

c) Dividends proposed after balance date

After the reporting date the following dividends were proposed by the directors. Payment date will be 29th October 2010.

	Consolidated Entity	
	2010 $000	**2009 $000**
Final ordinary dividend – 0.75 cents	**604**	-
Final ordinary dividend – 1.50 cents		1,208
	604	1,208

The financial effect of this dividend has not been brought to account in the financial statements for the financial year ended 30 June 2010 and will be recognised in subsequent financial reports.

	Consolidated Entity
	2010 $000
d) Dividend franking account	
30 per cent franking credits available to shareholders of Ocean Capital Limited for subsequent financial years	
Opening balance	(1,505)
Franking debits	(151)
Franking credits	1,040
Closing balance	(616)

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

a) franking debits that will arise from the receipt of the current tax asset;
b) franking debits that will arise from the payment of dividends declared subsequent to year-end;
c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and
d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

	Consolidated Entity	
	2010	**2009**
	$000	**$000**
15. CAPITAL AND LEASING COMMITMENTS		
(a) Operating lease commitments		
Non cancellable operating leases contracted for but not capitalised in the financial statements	**-**	-
Payable:		-
Not later than one year	**222**	215
Later than one year but not later than five years	**289**	510
Later than five years	**8**	10
Closing balance	**519**	735

In addition to the above, a wholly owned subsidiary holds a perpetual lease over crown land which commenced on 1 October 1961. The current annual contribution commitment for this lease is $64k 2009 - $57k)

A wholly owned subsidiary also has a rental agreement with Cairns Port Authority in respect of its berthing facility for which there is a fixed rental fee in addition to a levy based on the number of passengers using the facility.

(b). Capital expenditure commitments		
Capital expenditure contracted for at year end but not provided for:		
Payable:		-
Not later than one year	**111**	516
Later than one year but not later than five years	**-**	-
Later than five years	**-**	-
Closing balance	**111**	516

	Consolidated Entity	
	2010	**2009**
	$	**$**
16. AUDITORS REMUNERATION		
Remuneration of the auditor of the parent entity for:		
Auditing/reviewing the financial report		
December half year review 2008	**-**	23,021
June 2009 audit	**31,275**	-
December half year review 2009	**15,500**	-
June 2010 audit	**37,000**	-
Non audit services	**-**	-
Total	**83,775**	23,021

17. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) **Remuneration**

	Short-term benefits			Post-employment benefits	Share based payment	Total
	Cash Salary $	Cash Incentive $	Other $	Super-annuation $	Options $	$
Year ended 30 June 2010	**344,495**	**-**	**148,450**	**34,707**	**-**	**527,652**
Year ended 30 June 2009	374,282	-	157,744	41,572	-	573,598

(b) **Option Holdings**

Number of options held by key management personnel during the last two years - Nil.
No options have been granted as compensation this year (2009 – nil).

(c) Share Holdings
Number of shares held by key management personnel and their related parties:

2009/10

Key Management Personnel	Balance 1 July 2009	Received as remuneration	Options exercised	Net change other*	Balance 30 June 2010
David Kingston	59,400,222	-	-	-	59,400,222
Malcolm McComas	2,144,829	-	-	-	2,144,829
John Crawford	-	-	-	-	-
Jayne Pester	380,600	-	-	-	380,600
	61,925,651	-	-	-	61,925,651

* Refers to shares purchased or sold during the financial year.

2008/09

Key Management Personnel	Balance 1 July 2008	Received as remuneration	Options exercised	Net change other*	Balance 30 June 2009
David Kingston	57,749,025	-	-	1,651,197	59,400,222
Malcolm McComas	2,144,829				2,144,829
John Crawford	-	-	-	-	-
Jayne Pester	380,600	-	-	-	380,600
	60,274,454	-	-	1,651,197	61,925,651

* Refers to shares purchased or sold during the financial year.

18. EARNINGS PER SHARE

	Consolidated Entity 2010 $000	2009 $000
Profit/(loss) used in calculating basic earnings per share	**(1,755)**	1,070
Profit/(loss) used in calculating diluted earnings per share	**(1,755)**	1,070
Weighted average number of ordinary shares used in calculating basic earnings per share	**80,512,389**	80,512,389
Dilutive potential ordinary shares	**-**	-
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	**80,512,389**	80,512,389
Potential ordinary shares that are not dilutive and not used in the calculation of diluted earnings per share	**-**	-
Ordinary shares issued between reporting date and time of completion of financial report	**-**	-

	2010 cents	2009 cents
Basic earnings per share (cents per share)	**(2.179)**	1.328
Diluted earnings per share (cents per share)	**(2.179)**	1.328

19. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Ocean Capital Limited. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	Consolidated Entity 2010 $000	2009 $000
Current assets	**1,377**	7,807
Non-current assets	**15,661**	9,463
Total assets	**17,038**	17,270
Current liabilities	**184**	238
Non-current liabilities	**21**	5
Total liabilities	**205**	243
Net assets	**16,833**	17,027
Contributed equity	**20,865**	20,865
Retained earnings/(accumulated losses)	**(4,032)**	(3,838)
Total equity	**16,833**	17,027
Profit/(loss) for the year	**(194)**	(171)
Total comprehensive profit/(loss) for the year	**(194)**	(171)

20. FINANCING ARRANGEMENTS

Standby Credit Arrangements

The Group no longer has a need for a commercial bill facility (2009: $6,000,000). The facility had a term of five years and its weighted average effective interest rate for 2010 : - N/A (2009: 7.62%).

Other Financing Arrangements

There are no additional loan arrangements for subsidiary companies.

The Group has a bank guarantee in favour of the Great Barrier Reef Marine Park Authority Qld for an amount of $60k (2009 - $60k) in relation to Long Island Resort and an amount of $275k (2009 - $275k) in relation to Sunlover Reef Cruises Pty Ltd.

21. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and short-term deposits, receivables and payables. These activities expose the Group to a variety of financial risks; market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Although the Group does not have documented policies and procedures, the directors manage the different types of risks to which it is exposed by considering risk and monitoring levels of exposure to interest rate and foreign exchange risk and by being aware of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through general business and forecasts.

The Group's risk management policies have not changed from the previous year.

The Group holds the following financial instruments:

	Consolidated Entity	
	2010	**2009**
	$000	**$000**
Financial Assets		
Cash and cash equivalents	**920**	1,541
Trade and other receivables	**1,202**	1,775
Total Financial Assets	**2,122**	3,316
Financial Liabilities		
Trade and other payables	**2,805**	2,900
Total Financial Liabilities	**2,805**	2,900
Net exposure	**(683)**	416

21. FINANCIAL RISK MANAGEMENT (continued)

Risk Exposures and Responses

Interest rate risk

Ocean Capital Limited does not have material exposure to interest rate risk.

Currency risk

Ocean Capital Limited does not have material exposure to foreign currency risk.

Credit risk

Credit risk is the risk of financial loss to the entity if a customer fails to meet its contractual obligations to the entity. The Group's objective is to minimize risk of loss from credit risk exposure. Credit risk arises principally from trade and other receivables. The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount of those assets, net of any allowance for doubtful debts, as disclosed in the statement of financial position these notes to the financial statements.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. It is the Group's policy to consider the credit worthiness of all customers who wish to trade on credit terms.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk.

Price risk

The Group's exposure to commodity and equity securities price risk is minimal.

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions. Liquidity risk is measured using liquidity ratios such as working capital. The Group manages liquidity risk by monitoring cash flow and maturity profiles of financial assets and liabilities.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maturities of financial liabilities (continued)

	Consolidated Entity					
	Carrying amount $000	**Contractual Cashflows $000**	**6 months or less $000**	**6 -12 months $000**	**1 to 2 years $000**	**2 to 5 years $000**
30 June 2010						
Trade and Other Payables	**2,805**	**2,805**	**2,805**	**-**	**-**	**-**
30 June 2009						
Trade and Other Payables	2,900	2,900	2,900	-	-	-

Fair Values

The carrying values of the Group's financial assets and financial liabilities approximate their fair values as at 30 June 2010.

23. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments where the segments have similar characteristics. The Group's sole activity is the provision of tourism related services within Queensland, Australia, therefore it has aggregated all operating segments into the one reportable segment, "Tourism". The financial results from this segment are equivalent to the financial statements of the Consolidated Entity as a whole.

24. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties

Transactions with related parties:

	Consolidated Entity	
	2010 $	**2009 $**
Key Management Personnel		
Part reimbursement of office rental and facilities paid to Rifon-2 Pty Ltd, an associated company of D Kingston, Chairman of Directors	**50,000**	50,000

25. CONTROLLED ENTITIES

Controlled entities consolidated

	Country of Incorporation	**Percentage owned**	
		2010	**2009**
		%	**%**
Parent Entity:			
Ocean Capital Limited	Australia		
Controlled entities of Ocean Capital Limited:			
CCH Cairns Operations Pty Ltd	Australia	**100**	100
CCH Island Operations Pty Ltd	Australia	**100**	100
Club Crocodile Whitsundays Pty Ltd	Australia	**100**	100
Sunlover Reef Cruises Pty Ltd	Australia	**100**	100
Long Island Resorts Pty Ltd	Australia	**100**	100
OCE Cape Tribulation Pty Ltd	Australia	**100**	100
OCE Hides Pty Ltd	Australia	**100**	100
Ocean Hotels Pty Ltd	Australia	**100**	100
Oceancorp Pty Ltd	Australia	**100**	100

26. AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, other than the sale of surplus land at Cape Tribulation on the 28th September 2010 for $1million.

27. COMPANY DETAILS

The registered office of the company is:

C/- VJ Ryan & Co Services Pty Ltd
Suite 1, Level 5
255 George Street
Sydney NSW 2000

The principal place of business of the company is:

Reef Fleet Terminal
Sunlover Reef Cruises Offices
1 Spence Street
Cairns QLD 4870

The principal activities of the company are the provision of tourism related services.

OCEAN CAPITAL LIMITED AND CONTROLLED ENTITIES
ABN 68 010 715 901
DIRECTORS' DECLARATION

The Directors of Ocean Capital Limited declare that:

(a) the financial statements and notes, as set out on pages 9 to 37, are in accordance with the *Corporations Act 2001*, and:

  (i) comply with Australian Accounting Standards and the Corporations Regulations 2001 as well as with the International Financial Reporting Standards issued by the International Accounting Standards Board; and

  (ii) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the consolidated Group; and

  (iii) the directors have been given a declaration by the Executive Director and the Group Financial Controller as required by s295A of the *Corporations Act 2001*.

(b) The Executive Director and the Group Financial Controller have declared that:

  (i) the financial records of the company for the financial year have been properly maintained in accordance with s286 of the *Corporations Act 2001; and*

  (ii) the financial statements and notes for the financial year comply with the Accounting Standards; and

  (iii) the financial statements and notes for the financial year give a true and fair view; and

  (iv) the remuneration disclosures contained in the remuneration report comply with s300A of the *Corporations Act 2001*.

(c) In the Directors' opinion 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 the Directors.

DAVID KINGSTON
CHAIRMAN

Dated at Sydney this 29th day of September 2010.

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INDEPENDENT AUDITOR'S REPORT

To the members of Ocean Capital Limited

Report on the Financial Report

We have audited the accompanying financial report of Ocean Capital Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Basis for Qualified Auditor's Opinion

Recoverable Amount of Property Plant and Equipment

As detailed in note 9 to the financial statements the Group has property, plant and equipment assets with a carrying value of $29,076,000. The Group has identified that impairment indicators existed for assets with a carrying value of $27,333,000. As detailed in note 9 to the financial statements the board has used its skill, expertise and judgement to assess the recoverable amounts for these assets. The Directors also state they have assessed the aggregate book value of the Company's five businesses and believe the current market value in aggregate would be equal to or greater than the book value of the businesses. Note 19 to the financial statements discloses non-current assets of $15,661,000 for the parent entity.

We have not been provided with sufficient appropriate audit evidence, such as independent valuations, to support or determine the recoverable amount of property, plant and equipment. Neither have we been provided with sufficient appropriate audit evidence to determine if the recoverable amount has been assessed for each cash generating unit. As such, we are unable to determine whether Australian Accounting Standard AASB136 "Impairment of Assets" has been properly applied. The Group has not made disclosure of the sources of estimation uncertainty regarding its assessment of recoverable amounts as required by Australian Accounting Standard AASB101 "Presentation of Financial Statements".

Accordingly, we are unable to conclude as to the carrying amount of property, plant and equipment or non-current assets of the parent entity nor are we able to determine the possible adjustments to the financial report that might have been determined to be necessary had the limitation not existed.

Segment Reporting

As detailed in notes 1(r) and 23 to the financial statements the Group has aggregated all operating segments into the one reportable segment.

In our opinion, the Group has not demonstrated that it has met all the criteria for aggregation of operating segments as defined in Australian Accounting Standard AASB8 "Operating Segments". In our opinion, the presentation of segment information is required to present a proper appreciation of the Group's financial position and the results of its operations.

BDO

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Qualified Auditor's Opinion

In our opinion,

(i) except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the recoverable amount of property, plant and equipment and

(ii) except for the omission of the information included in the preceding paragraph,

the financial report of Ocean Capital Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(c) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in paragraph 11 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Ocean Capital Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

BDO

BDO (NTH QLD)

GREG MITCHELL
Partner

Cairns, 29 September 2010