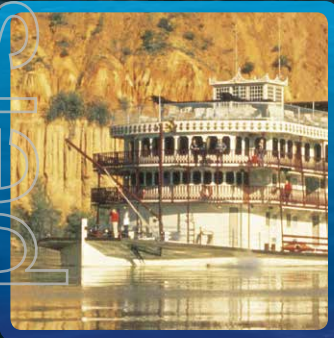


only PROSPECTUS



MV SYDNEY 2000 ON SYDNEY HARBOUR



PW MURRAY PRINCESS



SEAL BAY, KANGAROO ISLAND



PACIFIC CAT AND FANTOME CAT
CROSSING PATHS IN CLEVELAND
BAY, TOWNSVILLE



WILDLIFE ON KANGAROO ISLAND

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SeaLink Travel Group Limited

ACN 109 078 257

For the offer of 15,000,000 ordinary shares at an issue price of \$1.10 per share.

The closing date of this Offer is 11th October, 2013.

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional adviser without delay.

Joint Lead Managers

ORD MINNETT

Ord Minnett Limited
ACN 002 733 048

 **TAYLOR COLLISON**

Taylor Collison Limited
ACN 008 172 450

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OUR VISION IS TO CONNECT
AUSTRALIAN ICONS AND
LANDSCAPES TO THE WORLD

THE SOUTHERN OCEAN, SOUTH COAST, K.I.



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REVENUE
(\$million)

110

100

90

80

70

60

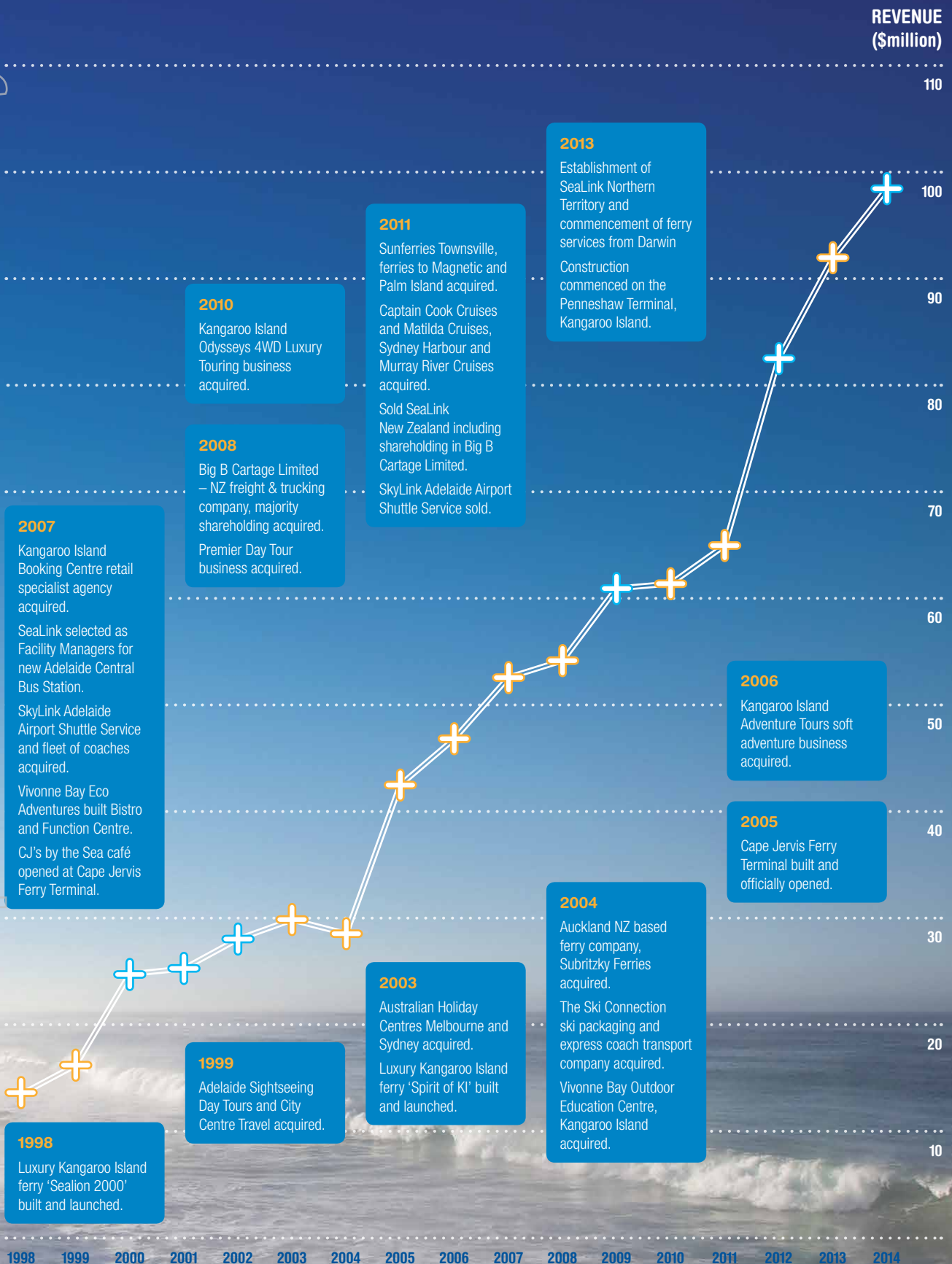
50

40

30

20

10



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

Important Information

Offer

The Offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares in SeaLink Travel Group Limited ACN 109 078 257 (**SeaLink or Company**).

Prospectus

This Prospectus is dated 6 September 2013 and was lodged with ASIC on that date.

Within seven days of the date of this Prospectus, the Company will apply to the ASX for listing of the Company and quotation of the Shares on the ASX.

Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates. No New Shares will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus. New Shares issued under this Prospectus will be issued on the terms and conditions set out in this Prospectus.

Not Investment Advice

The information contained in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs.

Before deciding to invest in the Company, you should read this Prospectus in its entirety. You should take into account all risk factors referred to in this Prospectus (including those in Section 5) and consider whether New Shares represent an appropriate investment in view of your personal circumstances. You should carefully consider your particular investment objectives, financial circumstances and investment needs (including financial and taxation issues) and you should seek advice from your professional adviser before deciding whether to invest. You should consider the assumptions underlying the financial forecasts and the risk factors that could affect the financial performance of the Company. There is no guarantee that the New Shares offered under this Prospectus will provide a return on capital, lead to payment of dividends or that there will be any increase in the value of the New Shares. If you wish to apply for New Shares you must do so using the relevant Application Form.

No person is authorised to give any information or to make any representation in connection with the Offer, which is

not contained in this Prospectus. Any information or representation in relation to the Offer not contained in this Prospectus may not be relied on as having been authorised in connection with the Offer by the Company or any other person that may have liability for the content of this Prospectus.

Foreign Jurisdictions

The Offer made pursuant to this Prospectus is not made in any jurisdiction other than in Australia. This Prospectus does not constitute an offer in any place which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to qualify the New Shares or the Offer, or to otherwise permit a public offering of the New Shares in any jurisdiction outside Australia. The distribution of this Prospectus (including in electronic form) in a jurisdiction other than Australia may be restricted by law, and persons who come into possession of the Prospectus should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. It is the responsibility of all overseas Applicants to ensure compliance with the laws of any country relevant to their application for New Shares under this Prospectus. Residents of jurisdictions other than Australia should consider using Australian domiciled entities, including nominee companies affiliated with Australian broking firms, if they wish to subscribe for New Shares.

Exposure Period

Pursuant to the Corporations Act, this Prospectus is subject to an exposure period of seven days from the date of lodgement with ASIC, which period may be extended by ASIC by a further period of seven days. This period (and extension) is referred to in this Prospectus as the "Exposure Period".

The Exposure Period enables this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus. If deficiencies are detected, the Company will either:

- return any Subscription Amount that the Company has received;
- provide each Applicant with a supplementary or replacement prospectus that corrects the deficiency, and gives the Applicant

the option to withdraw the Application within one month and be repaid the Subscription Amount; or

- issue to the Applicant the New Shares applied for in the Application, provide each Applicant with a supplementary or replacement prospectus that corrects the deficiency and gives the Applicant the option to withdraw the Application within one month and be repaid the Subscription Amount.

The Company is prohibited from accepting Applications received during the Exposure Period. Application Forms received prior to the expiration of the Exposure Period will therefore not be processed until after the Exposure Period. Except as otherwise indicated in this Prospectus, no preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

No cooling-off rights

Cooling-off rights do not apply to an investment in New Shares pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Electronic Prospectus

This Prospectus may be viewed online at www.sealinktravelgroup.com.au

The Offer pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus within Australia. The Offer made under this Prospectus is only available to persons receiving this Prospectus in Australia. The Company is entitled to refuse an application for New Shares under this Prospectus if it believes the Applicant did not receive the Offer in Australia.

There is no facility for online applications. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must only access the Prospectus from within Australia.

New Shares to which this Prospectus relates will only be issued on receipt of an Application Form issued together with the Prospectus.

Applications must be made by completing a paper copy of the relevant Application Form.

The Company will not accept Application Forms electronically.

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to a hard copy of this Prospectus or accompanies the complete and unaltered electronic version of this Prospectus (whether printed or remaining in an electronic medium).

Prospectus Availability

During the Offer Period, any person may obtain a paper copy of this Prospectus free of charge by contacting Taylor Collison Limited at Level 16, 211 Victoria Square, Adelaide, SA 5000 or by phone on +618 8217 3900, or Ord Minnett Limited at Level 8, NAB House, 255 George Street, Sydney, NSW 2000 or by phone on +612 8216 6300 during normal business hours.

Disclaimer

Section 4 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of the financial information is set out in Section 4. The Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards. This Prospectus also includes Forecast Financial Information based on the best estimate assumption of the Directors. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation of the Historical Financial Information. The Forecast Financial Information presented in this Prospectus has not been audited.

This Prospectus includes information regarding the past performance of SeaLink. You should be aware that past performance is not indicative of future performance.

Certain statements in this Prospectus constitute forward looking statements. These forward looking statements are identified by words such as "may", "could", "believes", "expects", "intends", and other similar words that involve risks and uncertainties. Investors should note that these statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values,

performance or achievements expressed, projected or implied in the statements.

This Prospectus, including the market overview in Section 3, uses market data, industry forecasts and projections. The Company has obtained significant portions of this information from market research prepared by third parties. There is no assurance that any of the forecasts contained in reports, surveys and research of such third parties which are referred to in the Prospectus will be achieved. The Company has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

Privacy

The Application Form attached to or accompanying this Prospectus requires you to provide information that may be personal information for the purposes of the Privacy Act 1988 (Cth) (as amended).

The Company (and the Share Registrar on its behalf) will collect, hold and use that personal information in order to assess your Application, service your needs as an investor, provide the facilities and services that you request, carry out appropriate administration and provide information to you about the Company and its services. Company and tax laws also require some of the information to be collected in connection with your Application. If you do not provide the information requested, your Application may not be able to be processed.

The Company and the Share Registrar may disclose your personal information for purposes related to your investment to members of the SeaLink Group and to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- the Joint Lead Managers in order to assess your Application;
- the Share Registrar for ongoing administration of the share register; and
- the printers and the mailing house for the purposes of preparation and distribution of holding statements and for handling of mail.

Your information may also be used or disclosed from time to time to inform you about the SeaLink Group's products or services that the SeaLink Group thinks may

be of interest to you. If you do not want your personal information to be used for this purpose, you should contact the Share Registrar. Under the Privacy Act 1988 (Cth), you may request access to your personal information held by (or on behalf of) the SeaLink Group or the Share Registrar. You can request access to your personal information by writing to the Company or contacting the Share Registry at:

Boardroom Pty Limited
ABN 14 003 209 836
Level 7, 207 Kent Street
Sydney NSW 2000
+612 9290 9600

You can obtain a copy of the Company's Privacy Policy online at the Company's website.

Investigating Accountant's Report on the Financial Information and Financial Services Guide

The providers of the Investigating Accountant's Report on the financial information are required to provide Australian Retail Investors with a financial services guide in relation to the review under the Corporations Act.

The Investigating Accountant's Report and accompanying financial services guide is provided in Section 8.

Definitions and Abbreviations

Certain terms and abbreviations in this Prospectus have defined meanings that are explained in the Glossary to this Prospectus. Unless otherwise stated or implied, references to time in this Prospectus are to Australian Central Standard Time (ACST).

Miscellaneous

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

References in this Prospectus to currency are to Australian dollars unless otherwise indicated.

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SEALINK
Kangaroo Island

SEALINK
Queensland

SEALINK
Northern Territory


Captain Cook
Cruises

Hop On Hop Off
Sydney Harbour Explorer

 **Adelaide**
Sightseeing

KANGAROO
ISLAND
ADVENTURE TOURS

 **The Ski Connection**

 Kangaroo Island
Odysseys

 **VIVONNE**
BAY
LODGE

TRAVEL LINK

australian
HOLIDAY
centre



SEALION 2000 OFF PENNESHAW, K.I.

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SYDNEY HARBOUR AT NIGHT



Chairman's Letter

6 September 2013

Dear Investor,

On behalf of the Board of Directors, it gives me great pleasure to offer you an opportunity to invest in SeaLink Travel Group Limited ("SeaLink or Company"). SeaLink is an established diversified business operating in the tourism and transport sectors with operations in key markets under the well recognised brands "SeaLink" and "Captain Cook Cruises". SeaLink operates a fleet of passenger ferries and other maritime craft, tourist coaches and related tourism and travel businesses.

SeaLink has been synonymous with Kangaroo Island in South Australia for over 24 years, providing the major transport link between the mainland of South Australia and Kangaroo Island. Over this period, SeaLink has not only developed tourism links to and throughout the island but has expanded its business throughout Australia to become a multi award winning national operator in the tourism and transport sectors.

A major step forward by SeaLink was taken in 2011 with the acquisition of Captain Cook Cruises, an Australian tourism business which has showcased Sydney Harbour to millions of Australians and overseas tourists for over 40 years. Captain Cook Cruises also owns the PW Murray Princess which operates cruises along the Murray River. The investment fits well within SeaLink's vision of connecting Australian icons and landscapes to the world.

In the same year, SeaLink also expanded to Townsville, Queensland where SeaLink acquired Sunferries, a ferry passenger operation servicing Magnetic Island and Palm Island. This business was renamed SeaLink Queensland and expanded operations into tourism and charter services.

SeaLink has a track record of growing earnings both organically and through acquisitions. Growth opportunities providing marine transport services as well as selected acquisition targets in the tourism and transport sectors, will be a key focus. SeaLink's operational skills along with its management capabilities position the Company to extract maximum value from these acquisitions. Continuing growth in tourism from China also presents an opportunity for the Company to grow in its key markets.

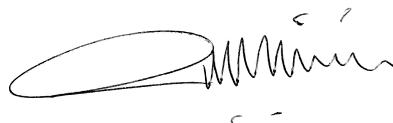
A very recent development for the Company has been the addition of two ferry passenger services in the Northern Territory, operating from Darwin to Mandorah and Tiwi Islands. SeaLink was awarded these tenders following a competitive process and operations commenced in September 2013. It adds further diversity to the SeaLink business.

SeaLink offers investors an opportunity to participate in the growth of the travel and tourism industries through SeaLink's offer of 15,000,000 New Shares at an Offer Price of \$1.10 per share.

This Prospectus contains information about the Company, its operations and financial position, details of the Offer and describes some of the key risks associated with an investment in the Company. You should read this Prospectus carefully and seek independent financial advice before making a decision to invest.

The funds raised from the Offer will be used for acquisition of new vessels, refurbishment and upgrade of the existing fleet and to strengthen SeaLink's balance sheet for future expansion, assuming Full Subscription. The ASX listing will better enable the Company to access equity capital markets and give employees and stakeholders, as well as new investors, an opportunity to participate in the ownership of SeaLink and share in the value we intend to create.

We invite you to become a shareholder of SeaLink, a Company of which we are all very proud.



Giuliano Ursini
Chairman

The Offer

SeaLink is seeking to raise \$16,500,000 through the issue of 15,000,000 New Shares at \$1.10 per New Share.

| | |
|------------------------------------------------------------|--------------|
| Number of Shares currently on issue | 55,000,000 |
| Total number of New Shares offered under this Prospectus | 15,000,000 |
| Offer Price per Share ¹ | \$1.10 |
| Amount to be raised under the Offer | \$16,500,000 |
| Total number of Shares on issue at Completion of the Offer | 70,000,000 |
| Market Capitalisation at the Offer Price ² | \$77,000,000 |

¹ Shares may not trade at the Offer Price post Listing.

² Market Capitalisation is determined by multiplying the number of Shares on issue by the price at which the Shares trade on the ASX from time to time. In the case referred to in the table above, the price is calculated at the Offer Price.

| Important Dates | Date, 2013 |
|------------------------------------------------------------------------|-------------------|
| Date of Prospectus | 6 September |
| Opening Date for Offer | 20 September |
| Closing Date for the Offer* (last day for you to lodge an Application) | 11 October |
| Allotment of New Shares | 18 October |
| Despatch of Shareholder Statements | 18 October |
| Estimated Date for Listing on ASX** | 24 October |

* Subject to any earlier closing of the Offer

** Subject to ASX granting approval to the Listing

Financial Information and Investment Metrics:

| (A\$m) ³ | Historical Results ¹ | | | Forecast Results ² | Pro forma Forecast Results ² |
|----------------------------|---------------------------------|------|------|-------------------------------|-----------------------------------------|
| | FY11 | FY12 | FY13 | FY14 | FY14F |
| Revenue | 65.0 | 82.5 | 92.0 | 98.5 | 98.5 |
| EBITDA | 11.1 | 20.9 | 12.3 | 14.1 | 14.9 |
| EBIT | 8.7 | 18.2 | 9.2 | 10.8 | 11.6 |
| NPAT | 5.5 | 14.8 | 7.0 | 6.9 | 7.7 |
| Earnings per Share (cents) | 10.8 | 26.9 | 12.8 | 9.9 | 10.9 |

Investment Metrics

| | |
|-------------------------------------------------------------|------------|
| Enterprise Value/FY14 pro forma EBIT | 6.9 times |
| Offer Price/FY14 Operating Cash Flow per Share | 7.4 times |
| Offer Price/FY14 pro forma NPAT per Share | 10.0 times |
| Implied FY14 Dividend Yield at the Offer Price ⁴ | 6.5% |
| Payout Ratio FY14 ⁴ | 65% |

¹ See Section 4 for full details of the Historical Results

² The Forecast Results are based on the assumptions set out in Section 4 and are subject to the Risk Factors set out in Section 5. There is no guarantee that the forecast financial results will be achieved.

³ See Section 4 for full details of the Financial Information. The Financial Information presented in the above tables is intended as a summary only and should be read in conjunction with this entire Prospectus, particularly the more detailed discussion of the Historical and Forecast Results disclosed in Section 4, as well as the Risk Factors set out in Section 5.

⁴ Based on a payout ratio of 65% of pro forma forecast FY14 NPAT and 72.3% of forecast reported FY14 NPAT

Dates may change

The dates shown in the above Table of Important Dates, which are later than the date of this Prospectus, are indicative only and may be varied. The Company reserves the right to vary the Opening Date and Closing Date without prior notice and without liability to any person. This may have a consequential effect on other dates. Accordingly, you are encouraged to submit your Application as soon as possible after the Offer opens.

How to invest

Applications for New Shares can only be made by completing and lodging the Application Form. If you wish to apply for New Shares pursuant to the Offer, you should complete the Application Form at the back of this Prospectus and send that form together with the Subscription Amount to the address shown on that form, so that it is received before 5.00 p.m. ACST on or before the Closing Date.

Instructions on how to apply for Shares are set out in Section 7 and on the back of the Application Form.

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PENNINGTON BAY, KANGAROO ISLAND



1. Investment Overview

1.1 Introduction

What is SeaLink?

SeaLink is an established diversified business operating in the tourism and transport sectors with operations in key markets under the well recognised brands “SeaLink” and “Captain Cook Cruises”. SeaLink is active in South Australia, New South Wales, and Queensland and owns and operates a fleet of passenger ferries and other maritime craft and tourist coaches and also provides related tourism and travel services.

The Company has recently expanded its operations to include passenger ferry services in the Northern Territory.

➤ For more information: [Section 2, Section 3](#)

What are SeaLink’s principal assets?

SeaLink currently operates a fleet of 18 ships, ferries and other maritime craft (surveyed to carry passengers), and a fleet of 26 coaches, buses and other passenger vehicles. Details of the maritime fleet are set out in Appendix B.

➤ For more information: [Appendix B](#)

SeaLink also holds licences, leases and agreements which enable it to operate services and access port facilities. These are considered to be important agreements of the Company and details are set out in Section 9 – Additional Information.

➤ For more information: [Section 9](#)

SeaLink also has strategic land holdings on Sydney Harbour which support its marine and tourism operations, and on Kangaroo Island to support tourist experiences and operations. Details are set out in Section 9 – Additional Information.

➤ For more information: [Section 9](#)

Why is the Offer being conducted?

The Offer is being conducted to provide SeaLink with:

- a liquid market for its shares and an opportunity for others to invest in shares in SeaLink;
- funds for the acquisition of ferries for expansion in Sydney and Darwin;
- funds to upgrade the existing fleet including for the conversion of an existing vessel to cater for the expanding Asian tourist market;
- funds to strengthen the financial position to enhance the capability of the Company to undertake further acquisitions; and
- a raised profile.

➤ For more information: [Section 1.6](#)

1.2 Key features of SeaLink’s business model

How does SeaLink generate its income?

SeaLink generates income by providing:

- ferry services under the “Kangaroo Island SeaLink” brand operating between Cape Jervis and Kangaroo Island in South Australia;
- tourism cruises, charter cruises and a commuter ferry passenger service on Sydney Harbour under the “Captain Cook Cruises” brand;
- Murray River cruising in South Australia aboard the vessel “PW Murray Princess”;
- ferry services under the “SeaLink Queensland” brand between Townsville and Magnetic Island and Palm Island in Queensland; and
- ferry services from Darwin in the Northern Territory.

In addition, SeaLink generates revenue from the following businesses which complement its core activities:

- travel agencies in Adelaide, Sydney and Townsville;
- coach tours on mainland South Australia and Kangaroo Island;
- packaged holidays to selected Australian destinations; and
- accommodation and restaurant services at SeaLink’s Vivonne Bay Lodge on Kangaroo Island.

➤ For more information: [Section 2.3](#)

What is SeaLink’s business strategy?

SeaLink’s strategy is to maintain and grow its existing businesses and seek new opportunities in the travel and tourism sectors to deliver growth in total shareholder returns.

Organic growth will be pursued by SeaLink maintaining focus on its existing well balanced and expanding product offering and the efficient delivery of services. The Company intends to grow market share in its core markets as population growth continues and the health of the economy improves. This will be enhanced by greater marketing into existing markets as well as into additional routes and services, upgrading SeaLink’s focus on the China market and continuing to increase sales from on-line sources.

SeaLink will assess opportunities for acquisition of or investment in complementary businesses, which are typically underperforming under their current ownership and management structure. As it has done in the past (see Section 2) SeaLink will use its management skills and established infrastructure to acquire and integrate any such businesses to build the SeaLink brand and improve the financial returns of the Company.

➤ For more information: [Section 2.6](#)

How does SeaLink expect to fund its operations?

SeaLink's operations have historically been funded through cash flow generated by operations. Past acquisitions have been funded through a combination of cash flow from operations, debt and equity.

SeaLink has total debt facilities in place of \$31.8 million which comprise a combination of bill facilities, hire purchase arrangements, overdraft and other general use facilities.

The performance of SeaLink's obligations under all of the facilities is secured by an unlimited corporate cross guarantee and charges attaching to all of the assets of the SeaLink Group.

Based on the pro forma balance sheet, it is expected that SeaLink will have drawn debt of \$4.1M, and unused facilities of \$27.7M assuming Full Subscription under the Offer.

The Gearing Ratio based on the pro forma balance sheet is expected to be 7.3%.

SeaLink is currently in compliance with its financial covenants and expects to remain in compliance with them following Completion of the Offer.

➤ For more information: Section 9.6.5

1.3 Key Strengths

Established, geographically diversified business model and well recognised brand names

Each of the businesses of SeaLink has an established operating history, with Kangaroo Island SeaLink operating for 24 years, Captain Cook Cruises for 43 years (including PW Murray Princess which has operated for 27 years) and SeaLink Queensland for over 8 years. In recent times SeaLink has focussed on expanding the revenue base beyond its core Kangaroo Island services and has added geographical diversity, additional income streams from government contracts and other commuter services as well as engaging further with the customer through an enhanced range of packaged holidays.

SeaLink's travel agencies and tourism businesses are a key component of the vertically integrated model enabling the Company to secure and grow core business income streams.

Kangaroo Island SeaLink has been synonymous with Kangaroo Island in South Australia for over 24 years as the Island has grown as an increasingly popular tourist destination. SeaLink operates an integrated service for the Island, incorporating ferry and freight services and the provision of packaged holidays including accommodation and tours to many of the Island's key attractions.

Captain Cook Cruises has been operating cruises on Sydney Harbour since 1970 and is a well established tourism brand in Australia.

SeaLink Queensland offers regular ferry transport services together with packaged holidays and tours to local island attractions including the Great Barrier Reef.

Ferry services in the Northern Territory commenced in September 2013 from Darwin.

➤ For more information: Section 2

Cash flow and balance sheet

The Company generates cash flow from its operations which has allowed it to effectively manage debt and acquire new assets and businesses. In FY13 SeaLink produced \$12.9 million in net cash flow from operations.

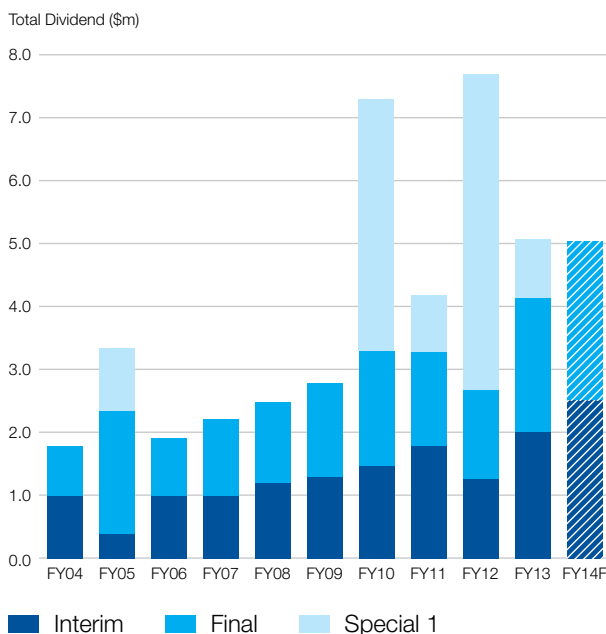
➤ For more information: Section 4

Dividend track record

SeaLink has a long history of paying dividends. Since FY04, SeaLink has declared dividends every year with a total over the period of \$38.8M.

SeaLink has delivered a compound annual growth rate of dividends over the 10 years to FY13 of over 12.2%. Past performance is not indicative of future performance.

Chart 1.3.1 Dividend History FY04-FY14F



For FY14, SeaLink intends to pay a fully franked dividend providing a dividend yield of 6.5% based on the issue price of \$1.10 per share in accordance with a payout ratio of 65% of pro forma NPAT and 72.3% of forecast reported NPAT.

➤ For more information: Section 4

Track record of growth and earnings diversification through successful acquisitions

SeaLink has a track record in completing acquisitions which have improved both the amount and diversity of earnings and progressively reduced risk by lessening the reliance on earnings from SeaLink's Kangaroo Island operations. SeaLink has successfully acquired and integrated 13 businesses over the last 14 years.

➤ For more information: [Section 4](#), [Section 2.4](#)

The acquisitions have extended the SeaLink brand into new markets and have provided significant synergies in ferry management, administration, sales and marketing.

Major acquisitions include:

- 2004 – Auckland, New Zealand based ferry operator Subritzky Ltd which was rebranded SeaLink NZ;
- 2011 – Captain Cook Cruises, a well established operator in the provision of Sydney Harbour and Murray River cruises; and
- 2011 – Townsville based ferry operator Sunferries which was rebranded SeaLink Queensland.

Board of Directors and Senior Management Team

SeaLink's Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

SeaLink's executive management team and key staff have extensive experience within SeaLink's tourism and transport operations with over 80 years of experience in the SeaLink businesses.

The Managing Director and Chief Executive Officer Jeffrey Ellison has been with SeaLink since 1990, initially as the Company's Chief Financial Officer and was appointed Chief Executive Officer in 1997 and Managing Director in 2008.

Key personnel of Captain Cook Cruises and Sunferries remain with SeaLink following the acquisition of their businesses providing the retention of valuable experience.

➤ For more information: [Section 6](#)

Future growth opportunities

SeaLink is positioned to grow organically and by acquisition.

By targeting popular tourism destinations in Sydney Harbour, Kangaroo Island, north Queensland and most recently Darwin, the demand for the Company's services is aligned with the general growth of Australia as a tourism destination. SeaLink will be well placed to benefit from any growth in tourism with its provision of in-demand services on these routes.

The Company will continue to build on its track record of value enhancing acquisitions through careful analysis of market opportunities.

Growth opportunities may include:

- expanding ferry services through additional trips and routes on Sydney Harbour;
- increasing on-line sales by further developing its ecommerce systems;
- providing marine transport services to other industries such as the mining and resource industry; and
- acquiring underperforming businesses in the tourism and transport sectors.

A lower Australian Dollar against major international currencies should make it more attractive for international visitors to come to Australia as well as potentially encourage more domestic visitors to holiday within Australia.

➤ For more information: [Section 2.6](#)

1.4 Key Risks

Port facilities – increases in charges and reduced or restricted access

Any significant increase in the costs and charges imposed by port authorities or Government Agencies for SeaLink's access to port facilities or any reduction in SeaLink's rights of access or inability to access port facilities may have an adverse effect on SeaLink's financial position and performance.

➤ For more information: [Section 5.1](#)

Changes in government policy

SeaLink is exposed to changes in government policies and regulations which may limit SeaLink's ability to determine fares and charges for its services or may reduce or eliminate government subsidies presently paid to SeaLink.

➤ For more information: [Section 5.2](#)

Adverse changes in demand for SeaLink's services

A lessening of demand for SeaLink's services may have an adverse effect upon SeaLink's financial position and performance.

➤ For more information: [Section 5.3](#)

Increased Competition

SeaLink is subject to competition in all markets in which it operates. SeaLink may face competition from existing competitors or new competitors. Increased competition may result in reduced prices and/or passenger numbers for services operated by SeaLink.

➤ For more information: Section 5.4

Diesel Fuel Cost Increases

Any rises in the cost of fuel could have an adverse effect on SeaLink's financial position and performance.

➤ For more information: Section 5.5

Supply of parts for ferry maintenance and access to shipyards

SeaLink vessels may be required to be taken out of service due to mechanical failure and the lack of timely availability of spare parts or as a consequence of an inability to access shipyards.

➤ For more information: Section 5.6

Acquisition risks

Consistent with SeaLink's stated growth strategy, SeaLink may undertake acquisitions of businesses or assets in the future. SeaLink may encounter difficulty in integrating those new businesses or assets into its present operations.

➤ For more information: Section 5.7

Destination Risks and Environmental Factors

Natural environmental disasters such as fire, flood, storms and other extremes of weather can prevent the operation of SeaLink's normal services, with consequent adverse effect on SeaLink's financial position and performance.

➤ For more information: Section 5.9

Failure to meet regulatory Standards

Any failure by SeaLink to comply with the requirements of licences or approvals relating to its operations, or the breach of any applicable current or future laws or regulations, could adversely affect SeaLink's financial performance and operations.

➤ For more information: Section 5.12

1.5 Key Offer Statistics

What are the key offer statistics?

| | |
|--------------------------------------------------|------------------|
| Offer Price | \$1.10 per Share |
| New Shares available under the Offer | 15 million |
| Total Cash proceeds from the Offer | \$16.5 million |
| Total Shares on issue at Completion of the Offer | 70 million |

What are the key investment metrics?

| | |
|---------------------------------------------------|--------------|
| Market Capitalisation at the Offer Price | \$77 million |
| Gearing Ratio (pro forma) | 7.3% |
| Enterprise Value at the Offer Price | \$80 million |
| Price to earnings ratio (Forecast pro forma FY14) | 10.0 times |
| EV/EBIT (Forecast pro forma FY14) | 6.9 times |
| Net Tangible Assets per Share | 53.7 cents |
| Operating Cash Flow per Share (Forecast FY14) | 14.8 cents |

➤ For more information: Section 4

What is SeaLink's financial performance?

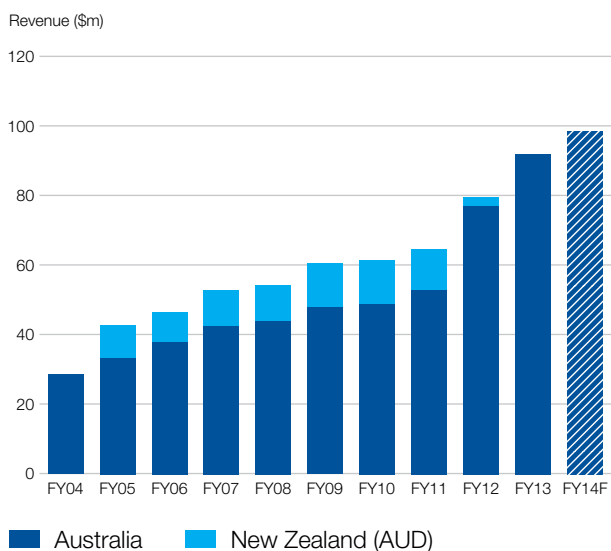
| | Historical Results | | | Forecast Results | Pro forma Forecast Results |
|----------------------------|--------------------|------|------|------------------|----------------------------|
| (A\$m) | FY11 | FY12 | FY13 | FY14 | FY14F |
| Revenue | 65.0 | 82.5 | 92.0 | 98.5 | 98.5 |
| EBITDA | 11.1 | 20.9 | 12.3 | 14.1 | 14.9 |
| EBIT | 8.7 | 18.2 | 9.2 | 10.8 | 11.6 |
| NPAT | 5.5 | 14.8 | 7.0 | 6.9 | 7.7 |
| Earnings per Share (cents) | 10.8 | 26.9 | 12.8 | 9.9 | 10.9 |

Investment Metrics

| | |
|------------------------------------------------|------------|
| Enterprise Value/FY14 pro forma EBIT | 6.9 times |
| Offer Price/FY14 Operating Cash Flow per Share | 7.4 times |
| Offer Price/FY14 pro forma NPAT per Share | 10.0 times |
| Implied FY14 Dividend Yield at the Offer Price | 6.5% |
| Payout Ratio FY14 | 65% |

SeaLink's Revenue has shown long term growth. For FY04–14F, Revenue shows a compound annual growth rate of 13.2%

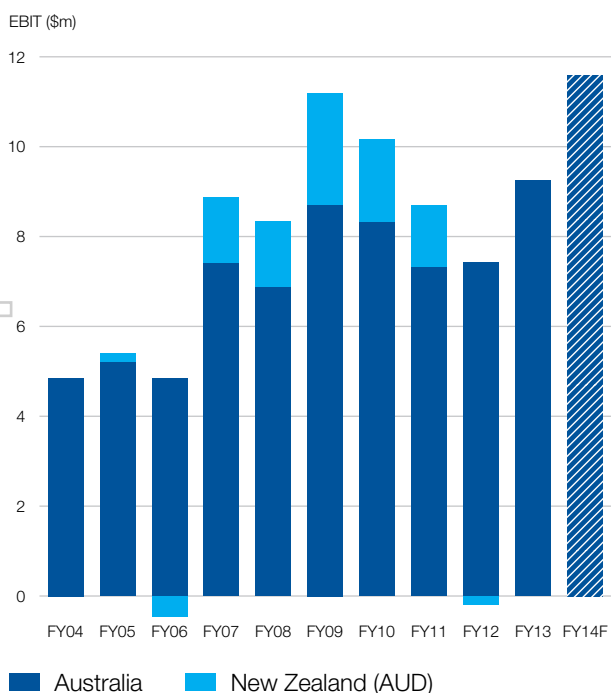
Chart 1.5.1 Revenue FY04-FY14F



For more information: Section 4

Over the same period, SeaLink's Earnings Before Interest and Tax (EBIT) shows a compound annual growth rate of 9.1%.

Chart 1.5.2 EBIT FY04-FY14F



EBIT for FY12 excludes the gain on sale of the New Zealand business of \$11,214,000. Refer to Section 4.2.2 for more detail.

There were several items included in EBIT which have had an effect on past results. These are;

In March 2011, SeaLink acquired the business of Sunferries in Townsville. Acquisition costs, comprising of legal fees and stamp duty of \$344,000 were incurred. In November 2011, SeaLink acquired the business of Captain Cook Cruises. Acquisition costs, comprising of legal fees and stamp duty of \$702,000 were incurred.

1.6 SeaLink's Board of Directors

Who are the Directors of SeaLink?

| | |
|-------------------------|---------------------------------------------|
| Giuliano Ursini | Non-Executive Chairman |
| Jeffrey Ellison | Managing Director & Chief Executive Officer |
| Frederick Mann | Non-Executive Director |
| Christopher Smerdon | Non-Executive Director |
| William Spurr | Non-Executive Director |
| Terry Dodd | Non-Executive Director |
| Lucinda Hughes Turnbull | Non-Executive Director |

For more information: Section 6

1.7 Significant interests of key people and related party transactions

Who are the Existing Shareholders and what will be their interest in SeaLink at Listing?

SeaLink has 116 Existing Shareholders.

| Existing Shareholders | Directors | Other Existing Shareholders |
|-------------------------------------------------|------------|-----------------------------|
| Number of shares held | 24,590,846 | 30,409,154 |
| Percentage of issued shares before Offer | 44.7% | 55.3% |
| Percentage of issued shares after Offer | 35.1% | 43.4% |

This table does not take into account any New Shares, if any, subscribed for under the Offer by the Existing Shareholders.

For more information: Section 1.7

Details of top 10 Existing Shareholders (determined by number of shares held) is set out below.

| Rank | Shareholder | Number of shares held | Percentage of issued shares before Offer | Percentage of issued shares after Offer |
|------|-----------------------------|-----------------------|------------------------------------------|-----------------------------------------|
| 1 | Prescott No 22 Pty Ltd | 6,250,000 | 11.36% | 8.93% |
| 2 | Simon Ross Pty Ltd | 5,025,000 | 9.14% | 7.18% |
| 3 | Sunrop Pty Ltd | 4,392,175 | 7.99% | 6.27% |
| 4 | Hebden Pty Ltd | 3,767,769 | 6.85% | 5.38% |
| 5 | Aristos Nominees Pty Ltd | 3,557,692 | 6.47% | 5.08% |
| 6 | Flavon Nominees Pty Ltd | 3,500,000 | 6.36% | 5.00% |
| 7 | Equilink Pty Ltd | 3,173,077 | 5.77% | 4.53% |
| 8 | Belahville Pty Ltd | 2,625,000 | 4.77% | 3.75% |
| 9 | Lashmar Nominees Pty Ltd | 2,500,000 | 4.55% | 3.57% |
| 10 | Apremont Pty Ltd | 1,923,077 | 3.50% | 2.75% |
| | Total | 36,713,790 | 66.75% | 52.45% |
| | Other Existing Shareholders | 18,286,210 | 33.25% | 26.12% |

This table does not take into account any New Shares, if any, subscribed for under the Offer by the Existing Shareholders.

➤ For more information: Section 9.4

Escrow Provisions of Existing Shareholders and Directors

The Directors and their related entities (who hold in aggregate 24.59M Existing Shares representing 44.7% of the current issued capital of SeaLink) have agreed to a voluntary escrow arrangement for a period of 9 months from the completion of the Offer and which (subject to certain exceptions) prevents those shareholders from disposing of those Existing Shares for that period.

Other Existing Shareholders are not subject to escrow arrangements.

➤ For more information: Section 7.14

What significant benefits and interests are payable to Directors and other persons connected with SeaLink or the Offer?

At the date of this Prospectus the following Directors (and their related entities) have the following interests in Existing Shares:

| Name of Director | Existing Shares | % |
|---------------------|-------------------|--------------|
| Christopher Smerdon | 6,250,000 | 11.4% |
| Terry Dodd | 5,400,000 | 9.8% |
| Giuliano Ursini | 5,000,000 | 9.1% |
| Jeffrey Ellison | 4,767,769 | 8.7% |
| Frederick Mann | 3,173,077 | 5.8% |
| Total | 24,590,846 | 44.7% |

➤ For more information: Section 6.4

Jeffrey Ellison is eligible to participate in the Employee Share Option Plan.

➤ For more information: Section 6.5.2, Section 9.3

All Directors may participate in the Offer. Final Directors' shareholdings will be notified to the ASX on Listing.

➤ For more information: Section 6.5

Directors are entitled to be remunerated by the Company for their services. During FY14 the Chairman will be paid \$139,000 and the Non-Executive Directors will each be paid \$69,000. The remuneration for subsequent FYs will be reviewed from time to time. The total remuneration pool for the Chairman and Non-Executive Directors may not exceed the sum of \$580,000 (which is the maximum pool fixed under the Constitution, subject however to alteration with the approval of Shareholders).

The Managing Director, Jeffrey Ellison, is entitled to receive a salary of \$451,584 per annum under his service contract with the Company plus the other employee benefits and incentives more particularly referred to in Section 6.5.2.

➤ For more information: Section 6.5.2

Other members of the management team are entitled to remuneration and fees on ordinary commercial terms.

➤ For more information: Section 6.8

Advisers and other service providers will be paid the fees for their services referred to in Section 9.

Some Directors benefit from related party transactions with the Company.

➤ For more information: Section 6.7

1.8 Proposed use of funds and key terms and conditions of the Offer

What is the Offer?

SeaLink is offering to issue 15 million New Ordinary Shares at \$1.10 per Share to raise \$16.5 million.

➤ For more information: Section 7

What is the proposed use of funds raised pursuant to the Offer?

The proceeds received by SeaLink for the issue of the New Shares pursuant to the Offer will be as follows:

| Use of Funds | Amount |
|------------------------------|--------------|
| Funds raised under the offer | \$16,500,000 |
| Costs of the Offer | \$1,125,000 |
| Net proceeds of the Offer | \$15,375,000 |

| Activity | Amount |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1 Acquisition of ferries for expansion in Sydney and Darwin <i>(\$3.1M expended to date through increased debt drawdown)</i> | \$4,200,000 |
| 2 Refurbishment and upgrade of existing fleet, including conversion of vessel to cater for Asian market <i>(\$1.3M expended to date through increased debt drawdown)</i> | \$3,500,000 |
| 3 Strengthen financial position by reduction of borrowings | \$7,675,000 |

➤ For more information: Section 7.3

Will the Shares be listed?

SeaLink will apply to the ASX for admission to the Official List and quotation of the New Shares on ASX under the code SLK.

➤ For more information: Section 7

Is the Offer underwritten?

No.

➤ For more information: Section 7

What is the allocation policy?

The allocation of Shares will be determined by SeaLink in conjunction with the Joint Lead Managers. SeaLink, and the JLMs, have absolute discretion regarding the basis of allocation of shares under the Offer and may reject an Application, or allocate fewer Shares than applied for, in their absolute discretion.

➤ For more information: Section 7

Is there any brokerage, commission or stamp duty payable by applicants?

No brokerage, commission or stamp duty is payable by applicants on acquisition of Shares under the Offer.

➤ For more information: Section 7

Is there a minimum subscription for the Offer?

There is no minimum subscription.

What are the tax implications of investing in Shares?

You may be subject to Australian income tax or withholding tax on any future dividend received by you. The tax consequences of any investment in New Shares will depend upon your particular circumstances. You should obtain your own tax advice before deciding to invest.

➤ For more information: Section 7

When will I receive confirmation that my application has been successful?

It is expected that initial holding statements will be despatched to successful applicants by standard post on or about 21st October 2013.

If your Application is not successful subscription monies will be remitted to you within 7 days of the allotment of shares.

➤ For more information: Section 7

What is SeaLink's dividend policy?

The Dividend Policy is to payout between 50% and 70% of net profit after tax as dividends.

The Company intends for dividends to be fully franked subject to the availability of franking credits.

The Board recognises that the actual level of dividends paid will be determined after consideration of:

- the financial position and strength of the Company;
- the ability of the Company to repay debts as and when they fall due;
- the actual and forecast performance of the Company and available distributable profits;
- the Company's business and capital management plans;
- any regulatory requirements with respect to the Company's capital and liquidity levels; and
- general business and financial conditions; and
- any other factors considered relevant by the Board.

Future dividends to the extent they are paid, are expected to be payable, in arrears, for half yearly periods ending 31 December and 30 June and paid in the following April and October respectively.

There can be no assurance that any dividends will be paid, or as to the level to which those dividends will be franked, as actual events might differ from the assumptions used in assessing the ability of the Company to pay these dividends, including actual profit, the financial and taxation position of the Company and the Directors view of the appropriate payout ratio from time to time.

The first dividend payable to shareholders after Listing is expected to be paid in April 2014 based on earnings for the half yearly period ending 31 December 2013.

For FY14, SeaLink intends to pay a fully franked dividend providing a dividend yield of 6.5% based on the issue price of \$1.10 per share and a payout ratio of 65% of pro forma NPAT and 72.3% of forecast reported NPAT.

➤ For more information: Section 7.7

How can I apply?

If you are an eligible investor, you may apply for New Shares by completing a valid Application Form (attached to or accompanying this Prospectus).

To the extent permitted by law, an application under the Offer is irrevocable.

Where can I find more information about this Prospectus or the Offer?

Investor enquiries can be made to the Joint Lead Managers:

Taylor Collison Limited
+618 8217 3900

Ord Minnett Limited
+612 8216 6300

Can the Offer be withdrawn?

SeaLink reserves the right not to proceed with the Offer at any time before the issue or transfer of New Shares to successful Applicants.

If the Offer does not proceed all Subscription Amounts will be refunded.

No interest will be paid on any Subscription Amounts refunded or as a result of the withdrawal of the Offer.

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CAPE JERVIS FERRY TERMINAL

2. Business Overview

2.1 Introduction

SeaLink is an established, geographically diversified tourism and transport company which provides services in two industries:

- transport industry, moving regular commuters and freight between travel destinations; and the
- tourism industry, promoting and packaging holiday destinations, providing tours and delivering tourists to travel destinations.

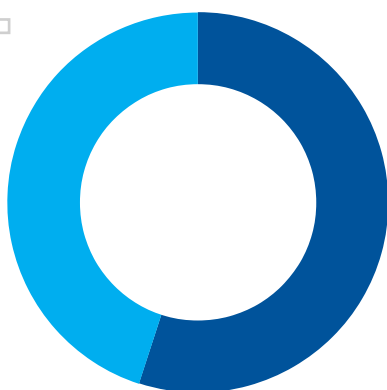
The Company currently has transport and tourism operations across three states of Australia (South Australia, New South Wales and Queensland) and in the Northern Territory.

Diagram 2.1.1 Location of SeaLink’s operations



Diagram 2 shows the share of revenue of the Company by industry for FY13. The transport and tourism industries are described in further detail in Section 3.

Diagram 2.1.2 Revenue by Industry FY13



- Tourism **54.9%**
- Transport **45.1%**

2.2 Introduction to SeaLink business structure

SeaLink’s operations are conducted through three core business units. These are:

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

Finance, administration and risk management support functions for the business units are provided by a corporate office based in Adelaide, South Australia.

The corporate office also maintains and develops the Information Technology and Communication (ITC) systems and reservation software for all operating entities. This reservation software was developed and is owned by SeaLink and is subject to ongoing enhancement by the ITC team. This team also maintains the business intelligence system that provides reports to each operating division.

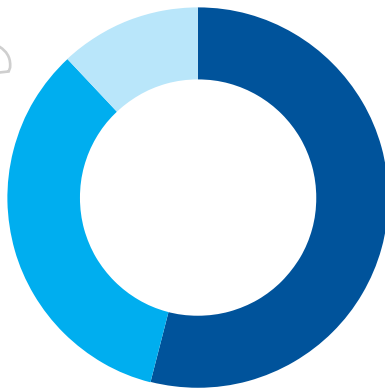
The business units also share the resources of the three sales teams. The sales teams are responsible for selling all products across the group in their key focus markets. This maximises cross selling opportunities and leverages key attractions in the promotion of all destinations. The teams are:

- International Sales Team;
- Domestic Sales Team; and
- On-line Sales Team.

The corporate office is responsible for the long term vessel maintenance and management plan including vessel upgrade and fleet development and replacement.

Diagram 2.2.1 shows the relative sizes of each of the business units by revenue for FY13. A description of each business unit is set out in Section 2.7.

Diagram 2.2.1 Revenue by business unit FY13



- Kangaroo Island SeaLink **54.2%**
- Captain Cook Cruises **34.2%**
- SeaLink Queensland **11.6%**

Total FY13 Revenue was \$92M.

2.3 Products and Services

The main products and services of SeaLink are:

- passenger and freight ferry services between Cape Jervis and Kangaroo Island in South Australia under the “Kangaroo Island SeaLink” brand;
- tourist cruises and other charter cruises on Sydney Harbour, New South Wales under the “Captain Cook Cruises” brand as well as regular ferry passenger services;
- three, four and seven night Murray River cruising aboard the historic PW Murray Princess in South Australia;
- passenger ferry services between Townsville and Magnetic Island and Palm Island in Queensland;
- travel agencies in Adelaide, Sydney and Townsville which sell SeaLink and other products to both inbound and domestic customers;
- coach tours on mainland South Australia and Kangaroo Island;
- packaging holidays throughout Australia;
- accommodation and restaurant facilities at Vivonne Bay Lodge on Kangaroo Island; and
- ferry passenger services in the Northern Territory from Darwin.

2.4 Strategic Positioning

A highlight of the SeaLink business is its control of strategic land holdings as well as its contractual position on various port and wharf facilities which provide it with long term certainty of tenure and continuity of business.

The Company has:

- long term service and licence Agreements between Cape Jervis and Penneshaw, Kangaroo Island in South Australia which expire in 2024;
- secure wharf arrangements in Sydney Harbour, New South Wales at both Circular Quay and Darling Harbour;
- a 25 year exclusive lease over Neutral Bay Marina at which the Company berths its Sydney based fleet;
- long term wharf and terminal arrangements in Townsville;
- a long term contract to service Palm Island; and
- a five year agreement to operate a ferry service from Darwin to Mandorah.

There are a number of additional licences, agreements and service agreements of varying terms to expiry. See Section 9.5 for further details.

SeaLink actively monitors the expiry dates of its contracts and agreements and seeks to undertake negotiations around their renewal in the appropriate timeframe. SeaLink is not aware of any reason as to why those licences, agreements and service agreements would not be extended.

2.5 History of SeaLink

The SeaLink business was founded in 1989 with the purchase of a ferry service linking Kangaroo Island with the South Australian mainland. In 1996, the SeaLink business was acquired by a syndicate of South Australian investors and staff members.

Having originally provided transport services for locals, land owners and their vehicles to and from Kangaroo Island in South Australia, the Company embarked upon a strategy to develop tourism experiences and holiday packages which would benefit the entire business by attracting new customers to ferry services. Coach and day touring and travel agencies stem from this strategy.

Over the years the Company has undergone significant change and growth, including integrating 13 acquisitions in the transport and tourism sectors.

SeaLink milestones

- 1998** Luxury Kangaroo Island ferry "Sealion 2000" built and launched
- 1999** Adelaide Sightseeing Day Tours and City Centre Travel acquired
- 2003** Australian Holiday Travel Centres in Melbourne and Sydney acquired
Luxury Kangaroo Island ferry "Spirit of KI" built and launched
- 2004** Auckland based NZ ferry company, Subritzky Ferries acquired
The Ski Connection ski packaging and express coach transport company acquired
Vivonne Bay Outdoor Education Centre, Kangaroo Island, acquired
- 2005** Cape Jervis Ferry Terminal built and officially opened
- 2006** Kangaroo Island Adventure Tours soft adventure business acquired
- 2007** Kangaroo Island Booking Centre retail specialist agency acquired
SeaLink selected as Facility Manager for the Adelaide Central Bus Station
SkyLink Adelaide Airport Shuttle Service and fleet of coaches acquired
Vivonne Bay Lodge new bistro and function centre opened
CJ's by the Sea cafe opened at Cape Jervis ferry Terminal
- 2008** Big B Cartage Limited – NZ freight and trucking company, majority shareholding acquired
Premier Day Tour business acquired
- 2010** Kangaroo Island Odysseys Luxury 4WD touring business acquired
- 2011** Sunferries Townsville, ferries to Magnetic Island and Palm Island acquired
Captain Cook Cruises and Matilda Cruises, Sydney Harbour, and Murray River Cruises acquired
SeaLink NZ sold including the sale of majority shareholding in Big B Cartage Limited
SkyLink Adelaide Airport Shuttle Service sold
- 2013** Establishment of SeaLink Northern Territory and commencement of ferry services from Darwin
Construction commenced on the Penneshaw Terminal, Kangaroo Island

2.6 SeaLink's Business Strategy

SeaLink is positioned to grow both organically and by acquisition, with the growth opportunities differing within each business unit (Section 2.7).

Diagram 2.6.1 SeaLink's Growth Opportunities



- The lower Australian Dollar is expected to encourage Australian tourism growth
- Growing sales via online sales channels
- Strategy to attract more Chinese tourists

- Growth in annuity style passenger transport businesses
- Growth in existing passenger volumes
- Expansion of existing ferry services through additional trips
- Growth through leverage of existing strategic infrastructure
- Upgrading operating assets to attract higher margin businesses/ customers

- New region – Northern Territory
- Expansion in Sydney Harbour
- Target acquisitions of maritime transport services
- Target acquisition of tourism transport businesses

- Providing transport services to mining/ resource related projects
- Continued development of new tourism product range for new markets
- Pioneering new routes

SeaLink's business strategy includes growing its existing businesses. It is well placed to achieve this with its current operations for the following reasons:

- SeaLink has targeted operations in premium tourist designations, on Sydney Harbour and Kangaroo Island and in North Queensland and Darwin. These destinations are strategically placed to enable SeaLink to take advantage of growth in tourism;
- tourism to Australia from overseas countries is now showing growth from key markets as well as new emerging markets, like China;
- the Company believes that the lower Australian Dollar against major international currencies will have a positive impact on attracting additional visitors to Australia as well as encouraging Australians to holiday at home.
- SeaLink is committed to increasing its investment in advertising and marketing of its services;

- SeaLink's e-commerce strategy and on-line marketing team are focused on developing innovative and convenient ways of attracting new customers and securing bookings; and
- integration of recent acquisitions is resulting in new marketing opportunities, for example, cross selling and packaging services, and savings in overhead and administrative costs.

Ongoing integration of recent acquisitions is expected to realise additional cross selling opportunities as well as cost rationalisation.

The Company will continue to build on its track record of acquisitions through analysis of business and market opportunities. The Company will continue to seek domestic growth opportunities, whether by business or vessel acquisition, as well as other opportunities where the management team believe value can be added.

2.7 SeaLink Business Units

The main business units within SeaLink and their key attributes are shown below:

2.7.1 Kangaroo Island SeaLink (“KIS”)

Services

KIS provides the major transport link between the South Australian mainland and the well recognised tourist destination of Kangaroo Island.

Two 50 metre purpose built passenger, vehicle and freight ferries provide a forty-five minute service to the island.

The MV Sealion 2000 and MV Spirit of Kangaroo Island are modern twin hull vessels with licensed cafes and multiple decks, capable of carrying up to 378 passengers per trip and operating up to 12 return ferry departures per day during peak times.

KIS is the major freight service provider between Kangaroo Island and the mainland carrying freight ranging from livestock and grain to dangerous goods including fuel and gas.

KIS utilises a fleet of modern, air-conditioned vehicles to offer various tour programs and adventure experiences visiting many of the highlights of the Island such as Seal Bay, Remarkable Rocks and Admiral's Arch. The Company also offers packaged tours and holidays to Adelaide and its surrounds including the Barossa Valley, McLaren Vale, Murray River, Fleurieu Peninsula, and Adelaide Hills.

Revenue

KIS achieved revenue of \$50.6M in FY13 from all of its businesses and is forecast to achieve revenue of \$52.8M in FY14.

Markets

KIS services the domestic and international tourism market as well as providing core transport services to Kangaroo Island residents, freight operators and domestic and international tourists.

In relation to its ferry passengers, approximately 20% are international visitors, 15% are from interstate with South Australian visitors and Kangaroo Island residents making up the remaining 65%.

Employees

KIS employs approximately 250 staff.

Management

The General Manager, Donna Gauci has been with the SeaLink Travel Group for nine years and is supported by a key leadership team of ten.

Strengths

- KIS is the primary supplier of services to an established and growing internationally recognised tourist destination;
- a regular freight market;
- long term port licence agreements;
- quality purpose built fleet to suit variable sea conditions;
- established sales and marketing team;
- a reputation for reliability; and
- workforce with significant experience.

Competitors

In its tourism business, KIS competes for the tourism dollar of both international tourists and Australian residents.

There has been a number of competitor ferry services to Kangaroo Island over many years, the most recent having suspended its services in May 2008. Kangaroo Island is also serviced by regional airline Regional Express Holdings Ltd.

Past competitors have included:

- 1989-95 ferry service (government operated) from Port Adelaide;
- 1989-95 ferry service from Cape Jervis;
- 1994-97 ferry service from Glenelg (Adelaide metro);
- 1998-99 ferry service from Glenelg;
- 2004-05 ferry service from Wirrina; and
- 2007-08 ferry service from Wirrina

KIS's profile in the marketplace as the key provider of transport services to Kangaroo Island together with its travel agency relationships and port agreements enable the Company to maintain market share.

KIS has considered providing services from Glenelg to Kingscote on Kangaroo Island but believes that this is not financially viable. Reasons include high operating costs including fuel cost, prevailing weather and sea conditions, causing high occurrence of sea sickness, high stress on the vessel structure increasing repair and maintenance costs, unreliable travel times and high cancellation rates. The SeaLink ferry service operates over a distance of ten nautical miles while Glenelg is 60 nautical miles from Kingscote, Kangaroo Island.

Growth

Growth in the KIS business is expected to be aligned with any growth of the Kangaroo Island economy and increase in visitors.

As the tourism stature of Kangaroo Island continues to grow in the domestic and international marketplace, KIS is likely to benefit through increasing passenger numbers and related sales of tourism packages.

KIS will introduce new tourism package products and increase its marketing program in order to attract additional visitors to Kangaroo Island.

2.7.2 Captain Cook Cruises (“CCC”)

Services

CCC operates a fleet of 12 vessels which provide a wide range of sightseeing, dining and specialist charter cruises on Sydney Harbour. The fleet includes the Company’s flagship vessel “MV Sydney 2000”, a 63 metre ferry capable of carrying 700 passengers for lunch or dinner on three decks.

CCC is the leader in charter cruises on Sydney Harbour and has the largest fleet of any of its direct competitors.

CCC operates commuter ferry services on Sydney Harbour through its “Hop-On Hop-Off” product. This service offers a flexible twenty-four hour ticket with allowance for stops at eight locations around Sydney Harbour which can be combined with other Sydney attractions. An additional newly built “rocket” type vessel (low wash, light weight catamaran) is expected to be delivered in November 2013 which will add a new service to the CCC offering.

CCC also operates the PW Murray Princess, a historic paddle wheeler with accommodation for 120 passengers in 60 cabins, which offers cruises on the Murray River, as well as tours and packages associated with the highlights and features of the river cruise.

Revenue

CCC achieved revenue of \$31.9M in FY13 and is forecast to achieve revenue of \$33.0M in FY14.

Markets

CCC’s main area of operation in Sydney is tourism with ferry commuter transport comprising 19% of total revenue in FY13.

Of its passengers, approximately 60% are international visitors, 9% are from interstate, with NSW residents making up the remaining 31%.

The PW Murray Princess mostly services the retirees sector. The cruises depart and finish at the river town of Mannum, South Australia. Visitors from SA make up 8% of the passengers, 76% are from interstate and international visitors make up 16% of the passengers.

Employees

CCC employs approximately 280 staff.

Management

The General Manager of CCC, Anthony Haworth, is the son of the founder of the business and remained with SeaLink in 2011 at the time of the acquisition of the CCC business. He has been involved with CCC since its inception in 1970 and has over 35 years’ experience in the marine transport industry, and is supported by a leadership team of 10.

Strengths

- well recognised brand in ‘Captain Cook Cruises’;
- prime berth positioning on the world famous Sydney Harbour at Circular Quay and Darling Harbour, key hubs to Sydney’s tourism market;
- operates the premium cruise vessel “MV Sydney 2000”;
- CCC’s ownership of a parcel of land at Neutral Bay on Sydney Harbour which supports SeaLink’s long term lease over a ten berth marina at which the Company berths the majority of the Sydney based fleet; and
- the PW Murray Princess is a unique vessel and is the largest operator on the River Murray for accommodated cruising.

Competitors

In its major markets in Sydney, competitors include;

- a number of smaller capacity operators in the day cruise market offering lunch and dinner cruises;
- many smaller operators including those operating private vessels in the charter market; and
- for the commuter ferry services, the public transport system and water taxis.

The PW Murray Princess competes with the houseboat holiday market and the MV Proud Mary which has a smaller passenger capacity.

Similar to KIS, CCC also competes for the tourism dollar of both International and Australian tourists and locals.

Growth

Growth in the CCC business is expected to be in line with growth of tourism visits to Sydney Harbour and in particular the number of international visitors from Asia. Of all international holiday visitors to Australia in 2013, approximately 57% visited New South Wales.

The business is forecast to grow as further targeted marketing is undertaken and if additional routes are introduced. New vessels may be acquired to service that growth.

SeaLink is focussing its marketing effort on attracting more visitors from Asia. In the 12 months to June 2013, visitors from China were the second largest source of visitors to Australia and had the highest growth rate of any visitor group. Visitors from Asia also had the highest expenditure of all tourist groups, up 6% on the previous year.

In the short term, SeaLink intends to rationalise berths and associated retail space which is superfluous to current needs. This will provide considerable savings to the CCC business.

The PW Murray Princess is undergoing a refurbishment program to upgrade all cabins, following the recent upgrade to lounges, gym and shop. Passenger numbers were steady over FY12 and FY13 and the Company has forecast moderate growth for FY14.

2.7.3 SeaLink Queensland (“SQL”)

Services

SQL operates four high speed passenger ferries providing services from Townsville to Magnetic Island (with up to 18 return services each day), and offers packaged holidays for related Magnetic Island tourism products including Great Barrier Reef experiences.

SQL also operates charter services for special events and cruise ship transfers along the north Queensland coast.

In addition, SQL operates government subsidised ferry services between Townsville and Palm Island which meet the personal transport needs of residents as well as minor freight movements.

In September 2013, SQL commenced ferry services for passengers between Darwin and Mandorah and Tiwi Islands.

Revenue

SQL achieved revenue of \$10.8M in FY13 and is forecast to achieve revenue of \$14.3M in FY14.

Markets

SQL services the tourism and resident travel market from Townsville to Magnetic Island.

Magnetic Island has a permanent population of around 2,100 residents who are frequent travellers to the mainland.

The tourism market in Townsville has been steady for over 10 years. In 2012 approximately 990,000 tourists visited Townsville. In the company’s estimation, around 20% of visitors to Townsville will visit Magnetic Island.

The service to Palm Island is predominantly for Palm Island residents and is financially supported on a long term basis by the Queensland Department of Transport.

The market in Darwin consists primarily of residents and the Company will seek new tourism opportunities to grow the market.

Employees

SQL employs approximately 68 staff.

Management

SQL’s General Manager, Paul Victory, has been with SeaLink for nine years and is supported by a leadership team of eight.

Strengths

- secure revenue and earnings from a long term contract with the Queensland Department of Transport to provide ferry services to Palm Island;
- long term licence and wharf agreements;
- history of reliable services with up to 18 crossings each day to Magnetic Island;
- quality and reliable fleet and short twenty minute cruise time to Magnetic Island.

Competitors

Magnetic Island is serviced by one other ferry service provider, Fantasea Cruising, offering freight and passenger barge service.

There are currently no competitors on the Darwin to Mandorah or Darwin to Tiwi Islands ferry services.

Growth

Growth in SQL is forecast to come from servicing new regional events, as well as the expected increased tourist numbers to Magnetic Island, as well as the addition of more ferry services to Palm Island.

SQL provides a platform for expansion into north Queensland tourism and transport markets. The Company maintains relationships with regulators and maritime authorities in Queensland, and given its expertise and financial position, the Company believes SQL is well placed to consider other growth opportunities.

In September 2013, SeaLink commenced operations in the Northern Territory by providing a passenger ferry service between Darwin and Mandorah and Tiwi Islands under an agreement with the Northern Territory Government. SQL will seek to add additional ferry services from Darwin as well as develop and sell tourism packages for the region.

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3. Market Overview

3.1 Introduction

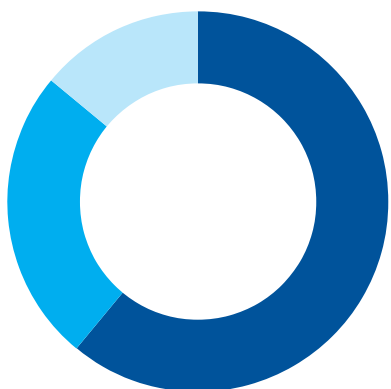
SeaLink currently operates in two industry sectors, being the transport industry and the tourism industry. It provides products and services in three states of Australia – South Australia, New South Wales, Queensland, and, in September 2013, the Company commenced operating in the Northern Territory.

SeaLink's operations in the transport industry can be further categorised as the Water Transport Industry, in which companies operate vessels for the transportation of passengers, vehicles and freight between destinations within Australia coastal waters. According to a report by IBISWorld¹, in 2012-13 this industry segment generated revenue of \$1.1B, and is forecast to grow to \$1.4B at a rate of 4.6% per annum through to 2017-18. SeaLink's strength in this industry is its ability to provide safe and reliable services on key routes to a customer base that utilises the Company's service for regular commuting purposes.

Diagram 3.1.1 Water Transport Industry

Water Transport Industry (2012-13)

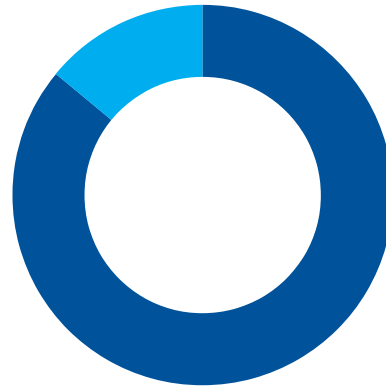
Product Segmentation



- Cruise Service **61.1%**
- Vehicular Ferry Operation **25.2%**
- Passenger Ferry Services **13.7%**

Source: IBISWorld

Customer Segmentation



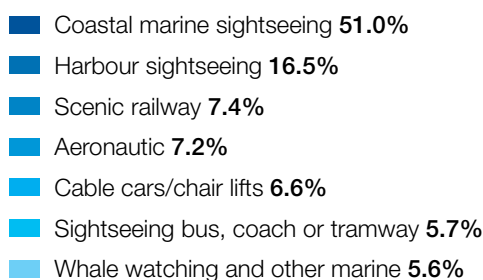
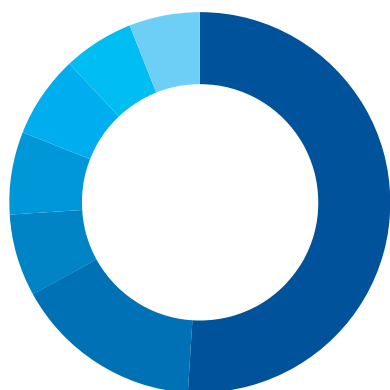
- Leisure and Business Travellers **86.3%**
- Commuters **13.7%**

Source: IBISWorld

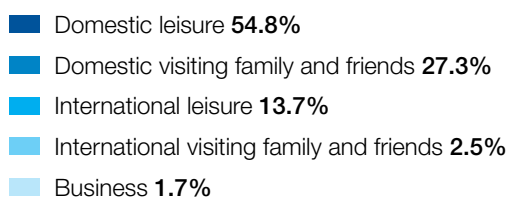
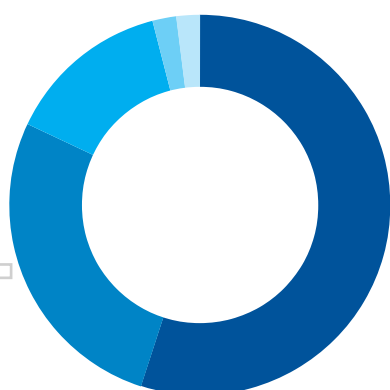
SeaLink's operations in the Tourism Industry can be further categorised as the Scenic & Sightseeing Transport Industry, in which companies operate transportation equipment for scenic, sightseeing and other tourism activities. The tourist group is defined as those visitors travelling outside their normal environment and staying for a duration of less than one year and comprises more than just leisure travel and includes business travel, travel for health, education and religious purposes. According to the IBISWorld report, in 2012-13 this industry segment generated revenue of \$1.2B.

¹ IBISWorld Industry Report I4820

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Diagram 3.1.2 Scenic & Sightseeing Industry**Scenic & Sightseeing Industry (2012-13)****Product Segmentation**

Source: IBISWorld

Customer Segmentation

Source: IBISWorld

In 2012-13, the Tourism & Transport Forum² expects total visitor expenditure in Australia to reach \$99.1B, attributable to 6.3 million international arrivals, 75.5 million domestic overnight trips and 176.9 million domestic day trips.

International arrivals are forecast to increase by 4.2% to 6.5 million visitors in 2013-14 and by 4.0% per annum through to 2016-17 to 7.3 million visits. Domestic overnight trips and domestic day trips are expected to grow over the same period by 1.5% and 1.4% respectively. Overall total visitor expenditure is expected to grow by 2.3% per annum to \$107.5B by 2016-17.

The Australian Bureau of Tourism Research estimated that 50% of international visits to Australia and 42% of domestic visits involve coastal and marine areas.

According to a report by Tourism Research Australia³, of all international visitors in the 12 months to March 2013, visitors from Asia had the highest expenditure at \$9.9B, an increase of 6% on the previous corresponding period, including:

- \$3.3B by Chinese visitors;
- \$905M by Japanese visitors; and
- \$900M by Singaporean visitors.

Other key contributors were European visitors at \$4.5B, an increase of 6% year on year, including:

- \$1.7B by United Kingdom visitors; and
- \$535M by German visitors.

Visitors from New Zealand spent \$1.6B (up 2%) and visitors from the USA spent \$1.3B.

Each of the transport and tourism industries and industry segments has distinct characteristics. The variation in characteristics, together with the geographic diversity spread, provides SeaLink with a diversified portfolio of revenue streams.

3.2 The Nature of SeaLink's Businesses and Services

SeaLink's primary business model is to grow passenger numbers on its ferry services by providing quality services to commuters and developing a wide range of tourism products to attract new tourism customers.

These two customer segments combine well to create a balanced and sustainable income flow from regular transport customers together with growth opportunities from tourism.

Alongside a quality fleet, one of SeaLink's competitive advantages lies in its commitment to marketing and promoting each destination, attraction and service.

² Tourism & Transport Forum Australia, Tourism Forecast Highlights, 2013 Issue 1 – May 2013

³ Tourism Research Australia (formerly Australian Bureau of Tourism Research), Quarterly Results of the International Visitor Survey, March 2013

The development of marketing material, brochures and the distribution of this information through its international, domestic and online sales teams provides the crossover between transport and tourism and makes SeaLink more than just a provider of ferry services. Working closely with local communities, councils and accommodation operators of each destination helps SeaLink support their growth and creates an important partnership for the future economic development for each community, thereby helping to secure the market for SeaLink.

3.3 The markets for SeaLink

SeaLink has a geographically diversified business centred on its primary expertise in marine transport and promotion of tourism experiences. By diversifying its portfolio from South Australia into Queensland, New South Wales and the Northern Territory, SeaLink has reduced its historical reliance on a single market.

Kangaroo Island, South Australia

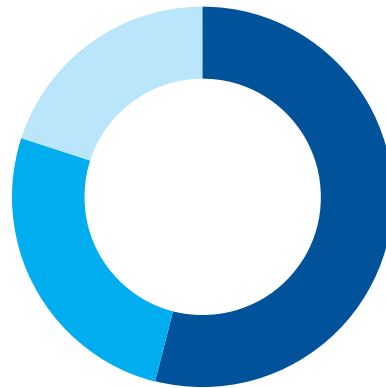
Kangaroo Island is a market in which SeaLink has operated for over 24 years. The Company provides a number of tourism and transport services centered on Kangaroo Island which are set out in Section 2.7.1.

Kangaroo Island is the third largest island of Australia covering 4,405 km² with 540 km of coastline. It is located a short distance off the coast of South Australia and is home to almost 4,500 residents. The Island is recognised for its natural landscapes and wildlife, and has a growing agricultural industry which is centered on sheep, cattle, grains, forestry, dairy farming, bee keeping, viticulture and marron farming.

Kangaroo Island is a major tourist destination and in 2012 was visited by 194,000 tourists. On average over 2010-12, visitors from South Australia made up the largest proportion of visitors at 54%, followed by interstate visitors at 20% and international visitors made up 26%.

Diagram 3.3.1 Summary of Visitors to Kangaroo Island

Origin of visitors to Kangaroo Island 2010-12⁴

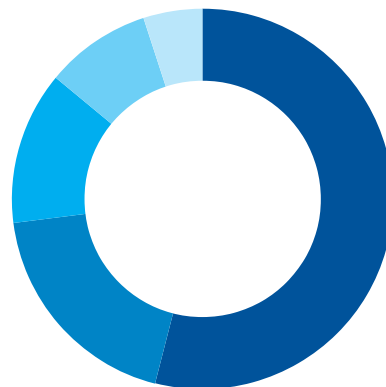


- Intrastate **54%**
- International **26%**
- Interstate **20%**

Visitors to the island stay an average of 3.8 days and generally visit a number of the key tourist attractions such as: Seal Bay, Remarkable Rocks and Admiral's Arch. KIS offers packaged tours to these and many other attractions.

Diagram 3.3.2 Domestic Visitors to Kangaroo Island

Origin of domestic visitors to Kangaroo Island 2010-12⁴



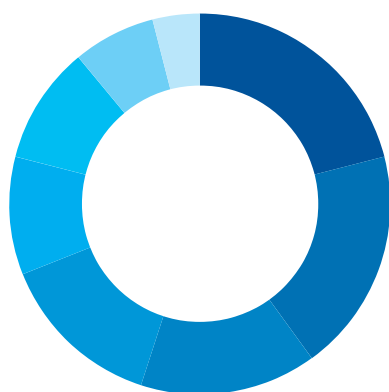
- Adelaide **54%**
- Regional SA **19%**
- Victoria **13%**
- New South Wales **9%**
- Other **5%**

⁴ South Australian Tourism Commission, September 2012, Regional Tourism Profile 2010-2012

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Diagram 3.3.3 International Visitors to Kangaroo Island

Origin of international visitors to Kangaroo Island 2010-12⁴



| | |
|-----------------|-----|
| Other Europe | 21% |
| Italy | 19% |
| Germany | 15% |
| North America | 14% |
| Asia | 10% |
| United Kingdom | 10% |
| France | 7% |
| Other Countries | 4% |

In this market SeaLink operates the main transport link for island residents, freight deliveries and tourists to the island from the mainland, and also offers a large number of accommodation options on the island through third party agency arrangements. SeaLink is also a prominent supplier of tour services on the island.

The Company believes that it has capacity to build the Kangaroo Island market via its marketing and promotional activities. Visitor numbers continue to show growth each year due to its strengthening recognition in the international market as a unique Australian nature based experience.

Growth for the Kangaroo Island economy is expected to come from both the national and international tourism markets through continued marketing, the weakening of the Australian dollar and the growth in prosperity of Asia with a corresponding increase in travellers from this region.

In South Australia, SeaLink offers tourism experiences throughout the State to popular destinations such as Barossa Valley, McLaren Vale, Flinders Ranges, Hahndorf, Port Lincoln and many others. South Australia attracts over five million visitors each year of which only a small portion experience SeaLink tourism products, providing the Company with opportunity to capture further sales.

⁴ Destination NSW, (NSW Government statutory authority), "Travel to Sydney year ended March 2013"

Sydney, New South Wales

The Sydney tourism market is Australia's largest with Sydney being the major gateway to ongoing domestic holidays and travel.

Attractions within the Inner Sydney tourism market include: Sydney Opera House, Sydney Harbour Bridge, Sydney Harbour, Taronga Zoo, Darling Harbour, Sydney Aquarium, Watsons Bay, Manly, Luna Park, Sydney Tower Eye, and Circular Quay.

Within this market, SeaLink offers various passenger ferry services under the Captain Cook Cruises brand to cater for regular commuters travelling between work and home, as well as tourists who use the ferry and charter services to experience tourist attractions. SeaLink aims to introduce new and better services to capture a larger share of the visitor spend in the region.

SeaLink considers the main drivers for the passenger numbers in this market to be:

- Workforce participation which impacts the number of regular commuters;
- Domestic tourism – impacted by relative exchange rates and economic strength;
- International travel to Australia – impacted by relative exchange rates; and
- Fuel prices – whereby increased costs may be passed on to consumers impacting demand.

Size of the Market⁵

In the 12 months to March 2013, Sydney received a total of 30.0 million visitors with total expenditure of \$13.3B, comprising:

- 7.5M domestic overnight visitors;
- 2.7M overnight visits from international sources; and
- 19.8M domestic daytrip visitors.

The expenditure of each group in the 12 months to March 2013 is as follows:

| | Expenditure | % change on pcp* | Average spend per night | % change on pcp |
|----------------------------------|-------------|------------------|-------------------------|-----------------|
| Domestic overnight visitors | \$5.3B | -6.8% | \$255 | +1.4% |
| International overnight visitors | \$5.8B | +5.1% | \$101 | +3.4% |
| Domestic daytrip visitors | \$2.2B | +8.7% | \$113 | +3.1% |

*previous corresponding period

International Visitors

Of the international visitors to Sydney in the 12 months to March 2013, visitors from Mainland China and Hong Kong were the major visitor group accounting for 16.7%.

Table 3.3.1 Share of international visitors to Sydney (12 months to March 2013)

| Rank | Market | Share |
|------|-----------------------|-------|
| 1 | Mainland China and HK | 16.7% |
| 2 | New Zealand | 12.3% |
| 3 | USA | 10.2% |
| 4 | United Kingdom | 10.1% |
| 5 | Japan | 5.5% |

Murray River Region, South Australia

SeaLink also operates the PW Murray Princess which provides cruises along Australia’s Murray River, embarking on three, four and seven day cruises.

The Murray Region receives approximately 800,000 domestic overnight visitors, 2.24 million overnight visitors, and 2.1 million day-trip visitors per year.

Townsville, Queensland

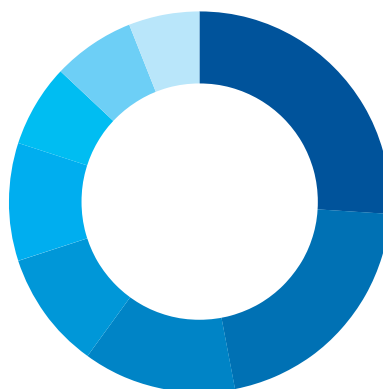
Townsville is a city of approximately 196,000 people on the north eastern coast of Queensland, Australia. It is adjacent to the central section of the Great Barrier Reef, a world heritage listed attraction.

Popular attractions in and around Townsville include “The Strand”, a long tropical beach and garden strip; Riverway, a riverfront parkland attraction located on the banks of Ross River; Reef HQ, a large tropical aquarium holding a selection of the Great Barrier Reef’s native flora and fauna; the Museum of Tropical Queensland, built around a display of relics from the sunken British warship HMS Pandora; and Magnetic Island, a large neighbouring island, the vast majority of which is classified as National Park.

The two key markets for international visitors to Townsville are the United Kingdom and Germany, whilst most domestic travellers originate from regional Queensland.

Diagram 3.3.4 International Visitors to Townsville

International Visitors to Townsville



- United Kingdom **26%**
- Germany **21%**
- New Zealand **13%**
- United States **10%**
- Asia **10%**
- Scandinavia **7%**
- France **7%**
- Canada **6%**

In the 12 month period to December 31 2012, the number of international visitors to Townsville remained steady compared to the previous year at around 109,000 visitors⁶. Significant increases in visitors from NZ were offset by a decline in visitation from Europe which has historically been a strong market.

The number of domestic overnight visitors to Townsville saw a slight decline of 2% to 878,000 visitors in the 12 months to 31 December 2012.

In this market, SeaLink operates the Magnetic Island ferry service under the brand SeaLink Queensland, to both transport and tourism customers in approximate equal percentages.

There are 2,100 residents on Magnetic Island and the population has been steady over recent years. The development of a number of visitor and residential apartment blocks and tourist resorts has increased the potential for the Island to broaden its market and attract additional visitors. SeaLink has developed tourism products incorporating the island’s attractions, experiences and accommodation and works very actively promoting this through its domestic, international and online sales teams.

⁴ South Australian Tourism Commission, September 2012, Regional Tourism Profile 2010-2012

⁶ Tourism and Events Queensland, Townsville Regional Snapshot, year ended December 2012

SeaLink is also the sole operator for high speed ferry services between Townsville and Palm Island. The service is currently dedicated to transport of the local indigenous community and plans are being considered to develop the tourism experience on the Island. The operations on this route are subsidised by the Queensland Department of Transport. Opportunities for growth include the commencement of additional trips on this route and through the development and marketing of tourism experiences.

Darwin, Northern Territory

In the Northern Territory, the tourism industry is the largest employing industry, providing jobs for approximately 13% of Territorians.

The tourist industry is worth approximately \$1.6 billion in Gross Value Added for the Northern Territory and produces approximately 9.6% of total Northern Territory Gross State Product. The visitor economy, which is supported by the tourism sector, includes visitors who come for leisure, business events, corporate travel, to visit friends and relatives and for other purposes.

The tourism market in the Northern Territory centres around the key attractions of Uluru, The Olgas, Kings Canyon, Kakadu National Park, the Tiwi Islands, Katherine Gorge, and the capital city of Darwin.

In the 12 months to March 2013, approximately 1.22M tourists visited the Northern Territory. Approximately 20% were international visitors, 47% from interstate and the remaining 33% from within the Northern Territory. Overall the number of visitors during the period was down slightly on the previous corresponding period mostly due to a fall in international visitors.

3.4 What factors influence the prospects for growth in these markets?

The prospects for growth in these markets are subject to localised factors, specific to each area of operation. See Section 2.7 for a more detailed explanation of growth opportunities for each business unit.

In general terms, the strength of the tourism industry is determined by the health of the economy. This is true for both domestic travellers and the state of the Australian economy, and also the international visitor whose propensity to travel and spend may be influenced by the health of their home economy.

Exchange rates have an impact on the level of tourist activity. For domestic travellers, the level of the Australian Dollar, and therefore the buying power of the currency, may influence the traveller's decision to travel within Australia or whether to travel to an international destination.

Similarly for the international visitor, whose decision to take international travel may be influenced by the value of their home currency against the Australian Dollar.

Demand for commuter travel is mostly determined by:

- frequency and capacity of routes;
- fares and convenience relative to other modes of transport;
- customer comforts and on-board experience;
- demographic factors and levels of employment; and
- policy settings determining the attractiveness of alternative modes of transport.

3.5 Key trends in these markets

The commuter transport sector is generally aligned with the local economy of the region. The transport of agricultural freight is aligned to the prevailing climatic conditions, whereby good farming weather can result in good crops and greater farm related freight and income.

Weather conditions are generally unpredictable but even in poor weather conditions the transport of livestock and fertilizers for grain crops is relatively consistent.

The key trend currently in the tourism industry in Australia is the growth expected from international visitors.

Growth in International Visitors to Australia – focusing on the Asian Tourist

International visitor arrivals to Australia grew by 4.9% over the 12 months to March 2013 and corresponding international visitor nights grew by 7.2%. Contributing to this growth was an increasing number of visitors from the US, but the majority of the growth is attributable to the emerging Asian economies, in particular China.

Table 3.5.1 Growth in international visitors 12 months to March 13⁷

| Rank | Market | % increase year on year |
|------|----------------|-------------------------|
| 1 | Mainland China | 17.4% |
| 2 | Singapore | 12.5% |
| 3 | Malaysia | 12.5% |
| 4 | Hong Kong | 7.8% |
| 5 | India | 7.3% |
| 6 | United States | 6.7% |

The current rate of growth in the international tourist numbers is well above the average rate of growth for the last 10 years which was a 2.7% increase in visitors and a 5.9% increase in visitor nights.

⁷ Tourism Australia's Quarterly Market Update Issue 10

As the strength of the emerging middle class in China continues to grow, increasingly more are seeking international travel opportunities.

Visitors from China have accounted for 49% of the growth in international visitor numbers, and future growth from Asia is expected to account for around two thirds of industry growth in international visitor nights.

Already the largest contributor to growth in visitor nights, the China market is expected to grow by 6.7% per annum over the next three years, increasingly driven by the leisure traveller.

As a tourist group, leisure visitors from China have high daily expenditure levels – \$212 per person – which is well above the average of \$99 per day for international holiday visitors and is a trend which is increasing as Chinese tourists progress towards independent traveller status, graduating from the traditional group travel market.

For SeaLink, the Chinese market accounts for approximately 11% of the Company's total international market, and is the fastest growing segment.

The Company continues to develop ways to better cater for the Chinese tourist by enhancing their SeaLink experience. Captain Cook Cruises' has Chinese language pages and has established one of the first websites that is able to accept UnionPay cards for any of the Company's Sydney Harbour dining and sightseeing cruises.

3.6 The regulatory impact

The marine transport industry is highly regulated. The National Maritime Safety Committee maintains standards for the industry including the National Standard for Commercial Vessels and the principal technical standard for commercial vessels. The Australian Maritime Safety Authority is the national safety regulator and the State and Territory maritime authorities, as its delegates, enforce the regulations. State bodies are adopting the national standards which will reduce the compliance effort of industry participants who operate in multiple states.

As SeaLink operates in three states and the Northern Territory it is subject to the oversight of many regulatory authorities.

SeaLink operates in markets in which some services are supported by a government authority via a subsidy to provide concessional travel and to meet community service obligations.

Certain ferry operations are governed by state authorities that regulate price and performance levels. Further information is set out in Section 9.5.

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4. Financial Information

4.1 Financial information

The Financial Information contained in this Section (**Financial Information**) has been prepared by SeaLink and includes:

Historical financial information

- a) Consolidated Income Statements for FY11, FY12 and FY13;
- b) Consolidated Cash Flow Statements for FY11, FY12 and FY13; and
- c) Consolidated Balance Sheet as at 30 June 2013, (together the Historical Financial Information);

Pro forma financial information

- d) Pro Forma Consolidated Balance Sheet as at 30 June 2013 taking into account the transactions that will arise pursuant to this Offer, (the Pro Forma Balance Sheet);

Forecast financial information

- e) Consolidated Income Statement for FY14; and
- f) Consolidated Cash Flow Statement forecast for FY14 (together the Forecast Financial Information);

Pro forma adjustments

- g) Pro forma adjustments to NPAT and EBITDA for the FY11, FY12, FY13 and FY14.

All amounts disclosed in this Section are presented in Australian dollars and unless otherwise noted, are rounded to the nearest thousand.

4.1.1 Basis of Preparation of the Forecast Financial Information

The Financial Information included in this section has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Financial Information provided also complies with the recognition and measurement principles of International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001. Significant accounting policies of SeaLink relevant to the Financial Information are included in Appendix A.

The Financial Information presented in this Prospectus has been reviewed by Ernst & Young Transaction Advisory Services Limited, whose Investigating Accountant's Report is contained in Section 8. Investors should note the scope and limitations of the Investigating Accountant's Report (refer to Section 8). Ernst & Young Transaction Advisory Services Limited cannot and does not guarantee that the financial forecasts will be achieved.

4.1.2 Preparation of Historical Financial Information

The Historical Financial Information has been extracted from the audited historical financial statements of the Company for FY11, FY12 and FY13 on which unqualified audit opinions were issued by Ernst & Young.

The Financial Information presented throughout this Section 4 is intended as a summary only and should be read in conjunction with the detailed discussions of the Financial Information, as well as the risk factors, set out in Section 5.

The Historical Financial Information does not include any costs associated with the Company operating as a listed public company.

Investors should note that past results are not a guarantee of future performance.

4.1.3 Preparation of Pro Forma Balance Sheet

The Pro Forma Balance Sheet has been prepared by adjusting the 30 June 2013 consolidated balance sheet for the adjustments outlined in Section 4.2.3.

4.1.4 Preparation of Forecast Financial Information

The Directors have prepared the Forecast Financial Information based on the economic conditions existing as at the date of the Prospectus, including a number of best estimate assumptions regarding future events.

These events may not eventuate. Whilst the Directors believe that they have prepared the Forecast Financial Information with due care and attention, no guarantee or assurance is given that the forecast results will be achieved.

The forecasts must be read in conjunction with the balance of the material in this Prospectus, particularly this Section, Section 5 Risk Factors and Section 8 Investigating Accountant's Report.

Investors should be aware that the future cannot be predicted with certainty and, as a result, deviations from the Forecast Financial Information are to be expected, the deviations may be materially positive or negative. Investors should note that the best estimate assumptions are subject to significant uncertainties and contingencies often outside the control of the Directors.

The Directors can give no assurance that the Forecast Financial Information will be achieved or that the Company will be able to pay the dividends forecast for the forecast period. This is because the Company's actual financial results and dividends will be affected by many factors that are beyond the Directors' control. A number of these factors are outlined in Section 5.

The Financial Information presented in this Section should be read in conjunction with the management discussion for FY12 and FY13 in Section 4.3, the basis of preparation of the Forecast Income Statement in Section 4.1, the sensitivity analysis in Section 4.5, the accounting policies detailed in Appendix A, and the risks outlined in Section 5.

4.2 Historical Results and Forecast Results

4.2.1 Consolidated Income Statements

The table below sets out consolidated historical income statements for FY11, FY12 and FY13 and the consolidated forecast income statements for FY14F. Additional discussion on the key drivers of the movements in the Financial Information presented below is included in Section 4.3.

Table 4.2.1 Consolidated Income Statements (\$ thousands) for the financial periods ending

| | FY11 Historical | FY12 Historical | FY13 Historical | FY14 Forecast |
|---------------------------------------------|--------------------|--------------------|--------------------|------------------|
| Revenue | | | | |
| Operating | 63,978 | 81,790 | 91,369 | 97,834 |
| Non-Operating ^(a) | 990 | 695 | 609 | 645 |
| | 64,968 | 82,485 | 91,978 | 98,479 |
| Direct Expenses | | | | |
| Direct wages | 11,994 | 16,708 | 20,768 | 22,297 |
| Repairs & Maintenance | 2,492 | 4,422 | 4,318 | 4,194 |
| Other direct expenses | 30,897 | 38,347 | 40,613 | 42,831 |
| Total Direct Expenses | 45,383 | 59,477 | 65,699 | 69,322 |
| Gross Profit | 19,585 | 23,008 | 26,279 | 29,157 |
| Operating Expenses | | | | |
| Indirect wages | 6,445 | 9,342 | 10,463 | 10,771 |
| Administration | 2,547 | 3,831 | 4,160 | 4,186 |
| Acquisition Costs | 378 | 703 | – | – |
| Marketing | 1,488 | 2,142 | 2,411 | 2,528 |
| Listing Costs | – | – | – | 884 |
| Total Operating Expenses | 10,858 | 16,018 | 17,034 | 18,369 |
| Add Gain on sale of New Zealand business | – | 11,214 | – | – |
| EBIT | 8,727 | 18,204 | 9,245 | 10,788 |
| Financing Charges | 868 | 1,753 | 1,333 | 898 |
| Profit Before Tax | 7,859 | 16,451 | 7,912 | 9,890 |
| Less Tax Expense | 2,326 | 1,633 | 889 | 2,967 |
| NPAT | 5,533 | 14,818 | 7,023 | 6,923 |
| EBITDA | 11,080 | 9,680 | 12,314 | 14,096 |

Notes:

- (a) Non-operating revenues include the profit from the sale of assets (excluding the gain on sale of the New Zealand business) and the associated write-off of the assets written down value on disposal;
- (b) The Directors' best estimate assumptions supporting the forecast income statement for FY14F set out in table 4.2.1 above assumes the Company listed on 31 October 2013 and reflects the impact of being a listed company from that date, including the effect of the capital raising.

The basis of preparation for the Consolidated Income Statement for the FY11, FY12 and FY13 is detailed in Section 4.1.

4.2.2 Pro Forma Adjustments to the Consolidated Income Statements

Table 4.2.2 sets out the pro forma adjustments to the Historical NPAT and EBIT and Forecast NPAT and EBIT of SeaLink. The pro forma adjustments reflect the full year impact of the Offer and the capital structure that will be in place immediately following completion of the Offer in the forecast period and exclude a one-off item in the historical period. These pro forma adjustments are summarised below.

Table 4.2.2 Pro Forma Adjustments to historical NPAT and EBIT (\$ thousands) for FY11, FY12, FY13 and forecast NPAT and EBIT for FY14F

| | FY11 Historical | FY12 Historical | FY13 Historical | FY14 Forecast |
|--------------------------------------------------------|--------------------|--------------------|--------------------|------------------|
| NPAT (including expensed IPO transaction costs) | 5,533 | 14,818 | 7,023 | 6,923 |
| IPO transaction costs expensed | – | – | – | 884 |
| NPAT (excluding expensed IPO transaction costs) | 5,533 | 14,818 | 7,023 | 7,807 |
| Deferred Tax Liability Adjustment | – | – | (1,333) | – |
| Incremental ASX listed company costs | – | – | – | (65) |
| Interest differential for repayment of borrowings | – | – | – | 238 |
| Tax Effect of Pro Forma adjustments | – | – | – | (317) |
| Pro Forma NPAT | 5,533 | 14,818 | 5,690 | 7,663 |
| EBIT (including expensed IPO transaction costs) | 8,727 | 18,204 | 9,245 | 10,788 |
| IPO transaction costs expensed | – | – | – | 884 |
| EBIT (excluding expensed IPO transaction costs) | 8,727 | 18,204 | 9,245 | 11,672 |
| Incremental ASX listed company costs | – | – | – | (65) |
| Pro Forma EBIT | 8,727 | 18,204 | 9,245 | 11,607 |

The pro forma adjustments made to the Historical Financial Information and Forecast Financial Information have been adjusted to reflect:

- **Deferred tax benefits** – In FY13 following tax advice, SeaLink made an adjustment to the Deferred Tax Liability to reflect an additional benefit that arose from a 2004 SeaLink Group restructure, where the tax cost bases of assets were re-aligned. As such, an income tax credit of \$1,333,000 arose with a corresponding reduction in the deferred tax liability.
- **IPO transaction costs** – total transaction costs of the Offer incurred by SeaLink are estimated at \$1,125,000 of which \$241,000 will be offset directly against equity raised in the Offer.

- **Incremental ASX listed Company costs** – the incremental ASX listed company costs are based on the Company's estimate of the incremental annual costs that SeaLink will incur once listed on the ASX. These costs include ASX listing fees, additional share registry fees, increased audit fees, incremental Directors and Officers Insurance costs and fees for an additional Director. The Forecast results include these costs from the assumed listing date whereas the Pro Forma Forecast NPAT and EBIT include these costs on a full year basis.

- **Incremental interest differential for repayment of borrowings** – of the proposed \$16,500,000 to be raised by SeaLink under the Offer, SeaLink intends to use \$1,125,000 to pay for IPO transaction costs and the balance will be used as set out in Section 7.3. Refer to Section 4.6 for details on the indebtedness of SeaLink. Interest expense recognised in the Forecast Results has been adjusted to reflect the anticipated debt profile of SeaLink following completion of the offer. The Forecast results include the benefit of the net funds from the assumed listing date, whereas the Pro Forma Forecast NPAT and EBIT include the interest savings on a full year basis.
- **Tax effect of pro forma adjustments** – the income tax impact of the above pro forma adjustments is calculated at the company tax rate of 30%, as applicable.

There were several major items included in both EBIT and NPAT which have had a major effect on past results. These are:

- **Acquisition costs** – In March 2011, SeaLink acquired the business of Sunferries in Townsville. Acquisition costs, comprising legal fees and stamp duty of \$378,000 were incurred. In November 2011, SeaLink acquired the business of Captain Cook Cruises. Acquisition costs, comprising legal fees and stamp duty of \$703,000 were incurred.
- **Sale of SeaLink New Zealand** – In September 2011, SeaLink sold its New Zealand business operations and as a result, achieved a net profit after tax of \$11,214,000.
- **Trading result of acquired and divested entities** – The trading results of the acquired entities, Captain Cook Cruises and Sunferries, are only reflected from the date of the acquisition. The results of the New Zealand operations are only included up to the date of sale.

4.2.3 Historical and Pro Forma Consolidated Balance Sheets

Table 4.2.3 sets out the historical consolidated balance sheets with the pro forma adjustments to reflect the impact of the equity raising and associated costs that will be in place immediately following the Completion of the Offer as if it had occurred or were in place as at 30 June 2013.

Table 4.2.3 Consolidated Historical and Pro Forma Balance Sheets (\$ thousands) as at 30 June 2013

| | Historical 30 June 2013 | Impact of the offer | Pro Forma 30 June 2013 |
|--------------------------------------|----------------------------|------------------------|---------------------------|
| Current Assets | | | |
| Cash | 1,006 | – | 1,006 |
| Trade & Other Receivables | 2,186 | – | 2,186 |
| Inventories | 1,035 | – | 1,035 |
| Prepayments | 1,253 | – | 1,253 |
| Total Current Assets | 5,480 | – | 5,480 |
| Non-Current Assets | | | |
| Property, Plants & Equipment | 50,497 | – | 50,497 |
| Intangible Assets | 6,718 | – | 6,718 |
| Deferred Tax Assets | 1,849 | 337 | 2,186 |
| Total Non-Current Assets | 59,064 | 337 | 59,401 |
| Total Assets | 64,544 | 337 | 64,881 |
| Current Liabilities | | | |
| Trade & Other Payables | (8,268) | – | (8,268) |
| Interest-bearing Liabilities | (2,239) | – | (2,239) |
| Current Tax Liabilities | (330) | – | (330) |
| Provisions | (3,716) | – | (3,716) |
| Total Current Liabilities | (14,553) | – | (14,553) |
| Non-Current Liabilities | | | |
| Trade & Other Payables | (464) | – | (464) |
| Interest-bearing Liabilities | (17,197) | 15,375 | (1,822) |
| Deferred Tax Liabilities | (656) | – | (656) |
| Provisions | (878) | – | (878) |
| Total Non-Current Liabilities | (19,195) | 15,375 | (3,820) |
| Total Liabilities | (33,748) | 15,375 | (18,373) |
| Net Assets | 30,796 | 15,712 | 46,508 |
| Equity | | | |
| Contributed Equity | 8,751 | 16,331 | 25,082 |
| Reserves | 464 | – | 464 |
| Retained Earnings | 21,581 | (619) | 20,962 |
| Total Shareholders' Funds | 30,796 | 15,712 | 46,508 |

The pro forma adjustments made to the historical balance sheet of SeaLink as at 30 June 2013 (being the most recently audited balance sheet date) reflect the following assumptions:

- **Proceeds of the offer** – An increase in issued capital reflecting new capital raised of \$16.5M less capitalised transaction costs of \$169k (net of associated Deferred Tax Asset recognised).
- **IPO transaction costs** – total transaction costs of the Offer incurred by SeaLink are estimated at \$1,125k of which \$241k will be offset directly against equity raised in the Offer. It is assumed that the total transaction costs are deductible to SeaLink for tax purposes over 5 years, resulting in a deferred tax asset of \$337k.

4.2.4 Historical and Forecast Consolidated Cash Flow Statements

Table 4.2.4 sets out historical consolidated cash flow statements for FY11, FY12 and FY13 and the forecast cash flow statement for FY14F which includes the impact of equity raising and associated costs from 31 October 2013.

Table 4.2.4 Consolidated Cash Flow Statements (\$ thousands) for the financial periods ending

| | FY11 Historical | FY12 Historical | FY13 Historical | FY14F Forecast |
|------------------------------------------------------------|--------------------|--------------------|--------------------|----------------------|
| EBITDA | 11,080 | 20,895 | 12,314 | 14,096 |
| Movement in other working capital items and non-cash items | (999) | (12,289) | 1,464 | (1,000) |
| Income tax paid | (3,369) | (2,595) | (868) | (2,730) |
| Operating cash flow | 6,712 | 6,011 | 12,910 | 10,366 |
| Proceeds from business sale | – | 15,256 | – | – |
| Proceeds from disposal of Property, Plant and Equipment | 49 | 1,359 | 18 | – |
| Purchase of business assets | (4,028) | (19,929) | – | – |
| Capital expenditure net of grants | (3,467) | (1,806) | (3,052) | (7,791) |
| Net cash flow before financing | (734) | 891 | 9,876 | 2,575 |
| Net interest paid/received | (841) | (1,258) | (1,297) | (898) |
| Net proceeds from share issue | – | – | – | 15,375 |
| Dividends paid | (4,500) | (7,782) | (4,026) | (5,448) ¹ |
| Net repayment of borrowings | 5,442 | 9,590 | (6,425) | (7,994) |
| Net Cash Flow | (633) | 1,441 | (1,872) | 3,610 |

¹ Dividends totalling \$2.9M in respect of FY13 earnings have been declared and will be paid prior to Listing.

4.3 Management discussion and analysis of financial information

SeaLink is segmented by business unit and its financial results are reported under these structures. These are:

- KIS including the head office;
- CCC including the operations of the PW Murray Princess;
- SQL including the operations of SeaLink Northern Territory; and
- SeaLink New Zealand, a ferry transport business operating car and passenger ferries from Auckland to Waihiki and Great Barrier Islands.

Consolidation adjustments in the tables below eliminate transactions between business units being interest and management fees.

4.3.1 Management discussion – FY12 compared to FY11

The following table shows EBIT split by operating segment for FY11. Note that the result includes:

- Financial results of SeaLink New Zealand for the full year to 30 June 2011; and
- Financial results of SQL for the period from 1 April 2011 to 30 June 2011.

All amounts are shown in Australian dollars (thousands).

| FY11 | KIS | CCC | SQL | SeaLink New Zealand | Consolidated adjustments | Total |
|------------------------------|--------------|----------|-----------|------------------------|-----------------------------|--------------|
| Revenue | | | | | | |
| Operating | 49,242 | – | 2,551 | 12,185 | – | 63,978 |
| Non-Operating | 1,294 | – | – | 52 | (356) | 990 |
| | 50,536 | – | 2,551 | 12,237 | (356) | 64,968 |
| Direct Expenses | | | | | | |
| Direct wages | 8,858 | – | 529 | 2,607 | – | 11,994 |
| Repairs & Maintenance | 1,027 | – | 65 | 1,400 | – | 2,492 |
| Other direct expenses | 25,159 | – | 740 | 5,354 | (356) | 30,897 |
| Total Direct Expenses | 35,044 | – | 1,334 | 9,361 | – | 45,383 |
| Gross Profit | 15,492 | – | 1,217 | 2,876 | – | 19,585 |
| Operating Expenses | | | | | | |
| Indirect wages | 4,935 | – | 407 | 1,103 | – | 6,445 |
| Administration | 1,864 | – | 360 | 323 | – | 2,547 |
| Acquisition Costs | 89 | – | 289 | – | – | 378 |
| Marketing & Selling | 1,371 | – | 72 | 45 | – | 1,488 |
| Total Operating Expenses | 8,259 | – | 1,128 | 1,471 | – | 10,858 |
| EBIT | 7,233 | – | 89 | 1,405 | – | 8,727 |

The following table shows EBIT split by operating segment for FY12. Note that the result includes:

- Financial results of SeaLink New Zealand for the period 1 July 2011 to 30 September 2011 when the business was sold;
- Financial results of SQL for the full year to 30 June 2012;
- Financial results from 22 November 2011 until 30 June 2012 for CCC; and

The gain from the sale of SeaLink New Zealand of \$11,214,000 has been excluded from the table below.

All amounts are shown in Australian dollars (thousands).

| FY12 | KIS | CCC | SQL | SeaLink New Zealand | Consolidated adjustments | Total |
|------------------------------|---------------|---------------|--------------|------------------------|-----------------------------|---------------|
| Revenue | | | | | | |
| Operating | 49,547 | 19,691 | 9,830 | 2,722 | – | 81,790 |
| Non-Operating | 1,343 | (203) | 33 | 29 | (507) | 695 |
| | 50,890 | 19,488 | 9,863 | 2,751 | (507) | 82,485 |
| Direct Expenses | | | | | | |
| Direct wages | 9,448 | 4,819 | 1,679 | 762 | – | 16,708 |
| Repairs & Maintenance | 1,912 | 751 | 1,368 | 391 | – | 4,422 |
| Other direct expenses | 25,894 | 8,373 | 2,838 | 1,380 | (138) | 38,347 |
| Total Direct Expenses | 37,254 | 13,943 | 5,885 | 2,533 | (138) | 59,477 |
| Gross Profit | 13,636 | 5,545 | 3,978 | 218 | (369) | 23,008 |
| Operating Expenses | | | | | | |
| Indirect wages | 4,456 | 2,782 | 1,804 | 300 | – | 9,342 |
| Administration | 1,528 | 1,192 | 1,079 | 83 | (51) | 3,831 |
| Acquisition Costs | 703 | – | – | – | – | 703 |
| Marketing & Selling | 1,240 | 618 | 266 | 18 | – | 2,142 |
| Total Operating Expenses | 7,927 | 4,592 | 3,149 | 401 | (51) | 16,018 |
| EBIT | 5,709 | 953 | 829 | (183) | (318) | 6,990* |

Revenues

Total revenue increased by \$17.5M to \$82.5M in FY12 compared to FY11. The increase in revenue was mainly affected by the acquisition and disposal of the following businesses:

- CCC was acquired in November 2011 and contributed \$19.5M of the increase;
- SeaLink New Zealand was sold in September, 2011 and revenue from this source reduced by \$9.5M, and
- SQL had an additional 9 months trading for FY12. Revenue from this source increased by \$7.3M

Revenue for KIS increased marginally by \$0.4M in FY12. Various parts of the business performed well driven by a 2% rise in ferry passengers, a 1% increase in ferry vehicles and a 12% rise in packaging income. These were offset in part by a \$0.3M decrease in revenue from Adelaide

Sightseeing where heavy price discounting by competitors occurred. Additionally, Kangaroo Island Odysseys felt the effect of lower demand for their personalised touring product following reduced European tourists to Australia with revenue also falling by \$0.3M.

Gross profit

KIS

Gross Profit for KIS decreased, mainly as a result of increased repairs to the MV Sealion 2000 where slipping and repair costs were \$0.9M above the previous year (planned as part of the vessel's annual maintenance).

Tour passengers for Adelaide Sightseeing and some Kangaroo Island tours decreased by 6% for the year affecting gross profit by \$0.3M. This reflected the discounted pricing of Adelaide and Barossa tours products along with lower overseas tourist numbers visiting Australia.

* excludes the gain on sale of the NZ business

Additionally, of the \$0.6M increase in wages, \$0.5M related to IT and other support costs that were reclassified to direct wages from indirect wages following the establishment of a corporate head office.

Operating Expenses

Operating expenses for KIS reduced in 2012 mainly as a result of tightening of call centre hours and the transfer of \$0.5M of wages to direct wages. Acquisition costs in relation to CCC, comprising legal fees and stamp duty of \$0.7M were incurred. These compared to \$0.4M in FY11 which were expended on the acquisition of Sunferries.

EBIT

The SeaLink Group's overall EBIT decreased by \$1.7M in FY12 to \$7.0M following the sale of New Zealand operations (reduced EBIT of \$1.6M), once off costs associated with acquisition costs for CCC (\$0.7M) and higher vessel repairs and maintenance for KIS (\$0.9M). CCC contributed \$1.0M to EBIT which was not present in 2011.

EBIT for SQL was materially affected by the upgrade to the MV Sunbird where \$0.9M was expended on investing in the vessel to substantially extend its useful life and improve its appearance.

SeaLink New Zealand

The SeaLink New Zealand operations incurred an EBIT loss of \$0.2M before being sold. This was expected as the business is seasonal with losses being made through the winter season.

4.3.2 Management discussion – FY13 compared to FY12

The following table shows EBIT split by operating segment for FY13. Note that the results includes:

- Financial results of CCC and SQL for the full year to 30 June 2013.

All amounts are shown in Australian dollars (thousands).

| FY13 | KIS | CCC | SQL | SeaLink New Zealand | Consolidated adjustments | Total |
|------------------------------|--------------|--------------|--------------|------------------------|-----------------------------|--------------|
| Revenue | | | | | | |
| Operating | 49,590 | 31,835 | 10,791 | – | (847) | 91,369 |
| Non-Operating | 1,001 | 28 | 30 | – | (450) | 609 |
| | 50,591 | 31,863 | 10,821 | – | (1,297) | 91,978 |
| Direct Expenses | | | | | | |
| Direct wages | 10,710 | 8,067 | 1,991 | – | – | 20,768 |
| Repairs & Maintenance | 1,912 | 1,868 | 538 | – | – | 4,318 |
| Other direct expenses | 24,239 | 13,419 | 3,248 | – | (293) | 40,613 |
| Total Direct Expenses | 36,861 | 23,354 | 5,777 | – | (293) | 65,699 |
| Gross Profit | 13,730 | 8,509 | 5,044 | | (1,004) | 26,279 |
| Operating Expenses | | | | | | |
| Indirect wages | 3,893 | 4,620 | 1,950 | – | – | 10,463 |
| Administration | 1,881 | 1,641 | 1,088 | – | (450) | 4,160 |
| Marketing & Selling | 1,300 | 866 | 245 | – | – | 2,411 |
| Total Operating Expenses | 7,074 | 7,127 | 3,283 | – | (450) | 17,034 |
| EBIT | 6,656 | 1,382 | 1,761 | – | (554) | 9,245 |

Revenues

Total operating revenue increased by \$9.5M to \$92.0M in FY13. The increase in revenue was primarily attributable to CCC which had a full 12 months trading compared to seven months in the previous financial year. Revenue from this source increased by \$12.4M.

KIS

Revenue for KIS decreased by \$0.3M in FY13 before removal of intercompany income through consolidation adjustments. Ferry revenue grew by 4.7% reflecting a 2% increase in passengers and 4% increase in vehicles. Freight income decreased \$0.1M due to lower farm output on Kangaroo Island.

Revenue for KIS's retail travel centres fell by \$1.5M. This reflected the continued trend of more Australians holidaying overseas rather than locally as well as a key supplier for rail product not providing extended specials. As a result, SeaLink closed the Melbourne retail branch in August 2012 with any pre-existing sales arising from their customer base being managed from the Sydney branch. The closure coincided with the expiry of the Melbourne premise lease.

SQL

Revenue for SQL increased \$1M reflecting a 10% price increase on Magnetic Island passenger fares that became effective August, 2012. This was the first price increase implemented since SeaLink commenced operating.

CCC

Revenue was 3% below expected levels mainly due to charters. Demand for this product has fallen as businesses have tightened their discretionary expenditure following the global financial crisis. Additionally, the quality of vessel to meet the wide range of market needs was lacking, and as a result, the John Cadman II is being upgraded during FY14 to meet market demands.

There was a strong growth for dinner cruising products from the Chinese tourist. The "Hop-On Hop-Off" ferry product also performed strongly following a rebranding of the product.

Gross Profit

KIS

Gross Profit for KIS was flat. Improved ferry margin through higher traffic was offset in part by lower contributions from KIS's retail travel centres (refer comments under revenue above). Additionally, FY12 included profit on sale of assets of \$0.3M (nil in FY13).

SQL

Gross profit for SQL increased by \$1.1M, reflecting a combination of lower vessel repairs (\$0.8M) and slightly higher margins for Magnetic Island driven by price increases.

CCC

Gross profit for CCC increased by \$3.0M due to having the business trade for a full year. This was below expectation due to lower margin experienced from charter (refer comments above) and additional expenditure incurred on upgrading the PW Murray Princess and Sydney 2000 (refer comment below under operating expenses).

As a result of the above, the SeaLink Group's overall gross profit increased by \$3.3M in FY13.

Operating Expenses

KIS

Excluding acquisition costs expended by KIS in 2012, overall expenses being the sum of direct and operating expenses for KIS reduced by \$0.5M in 2013 mainly as a result of lower travel centre tour costs which have a direct correlation with the level of travel centre sales. Employment expenses increased by 5% with a new enterprise bargaining agreement for vessel staff implemented which saw overall wages increase by nearly 7%. Several new roles were added with a Marine Manager and Risk Officer.

SQL

There were no acquisition costs expended by the SeaLink Group in 2013.

SQL costs were in line with expectations. Vessel costs were \$0.8M lower than in FY12 due to no major vessel costs being expended in FY13.

CCC

CCC direct costs were higher than planned due to the decision to upgrade several of the vessels in the fleet. An additional \$0.4M was expensed on the PW Murray Princess to upgrade rooms and the main lounge. A similar investment was made in the Sydney 2000. As with all new business acquisitions, SeaLink requires vessels to have an excellent appearance to ensure product quality meets market expectations.

EBIT**KIS**

EBIT for KIS increased by \$0.9M mainly as a result of no acquisition costs in FY13 whereas \$0.7M was expensed in FY12 on the acquisition of CCC. An additional \$0.6M of expenditure on the Spirit of Kangaroo Island was brought forward from FY14 into FY13 to upgrade the vessel including modernisation of the air conditioning system.

SQL

EBIT for SQL increased by \$0.9M mainly as a result of lower vessel repairs (\$0.8M). In 2012, extensive upgrades were undertaken on the MV Sunbird to provide a modern

appearance and substantially extend the vessel's useful life. Pricing increases to Magnetic Island also helped to improve EBIT and offset higher wage costs following a new enterprise bargaining agreement for ferry staff.

CCC

EBIT for CCC increased by \$0.4M due to having the business trade for a full year. Lower charter revenue had a material effect on EBIT with the gross profit being \$0.8M down on expected levels due to lower product demand. This arose from the tightening of business expenditure.

As a result of the above, the SeaLink Group's overall EBIT increased by \$2.3M in FY13.

4.3.3 Management discussion – Forecast FY14 compared to FY13

The following table shows EBIT split by operating segment for FY14F. All entities have a full 12 months of trading. All amounts are shown in Australian dollars (thousands).

| FY14F | KIS | CCC | SQL | Consolidated adjustments | Total |
|------------------------------|---------------|---------------|--------------|---------------------------------|---------------|
| Revenue | | | | | |
| Operating | 51,654 | 32,934 | 14,313 | (1,067) | 97,834 |
| Non-Operating | 1,154 | 38 | 8 | (556) | 645 |
| | 52,808 | 32,972 | 14,322 | (1,623) | 98,479 |
| Direct Expenses | | | | | |
| Direct wages | 11,249 | 8,372 | 2,676 | – | 22,297 |
| Repairs & Maintenance | 1,708 | 1,872 | 614 | – | 4,194 |
| Other direct expenses | 25,161 | 13,717 | 4,252 | (299) | 42,831 |
| Total Direct Expenses | 38,118 | 23,961 | 7,542 | (299) | 69,322 |
| Gross Profit | 14,690 | 9,012 | 6,780 | (1,324) | 29,157 |
| Operating Expenses | | | | | |
| Indirect wages | 4,320 | 4,189 | 2,262 | – | 10,771 |
| Administration | 1,829 | 1,523 | 1,390 | (556) | 4,186 |
| Marketing & Selling | 1,394 | 810 | 324 | – | 2,528 |
| Listing Costs | 884 | – | – | – | 884 |
| Total Operating Expenses | 8,427 | 6,522 | 3,976 | (556) | 18,369 |
| EBIT | 6,263 | 2,489 | 2,804 | (768) | 10,788 |

Revenues

Total operating revenue is forecast to increase by \$6.5M to \$98.5M in FY14F which is primarily attributable to the following assumptions:

- the commencement of two new ferry services in Darwin from Cullen Bay to Mandorah and Tiwi Islands in September 2013;
- steady increase in passenger and vehicle traffic to Kangaroo Island reflecting the increasing popularity of Kangaroo Island as a tourism destination;
- a permanent increase from four days to five days per week for the Palm Island ferry service from Townsville. A three month trial for a five day service is currently underway with strong demand evident;
- a small increase in passengers to Magnetic Island again reflecting increased tourists to Australia and the full year effect of the August 2012 price rise;
- new revenue generated from a newly built rocket vessel for Sydney Harbour with delivery expected early November, 2013;
- continued increasing demand for the CCC dinner product from the Chinese market; and
- steady growth in cruising products on both Sydney Harbour and Murray River.

EBIT

Overall, EBIT is forecast to increase by \$1.7M primarily due to assumed revenue increases discussed above together with:

- lower vessel repairs across the SeaLink Group (down \$0.1M);
- a rationalisation of berthing in Sydney. In October 2013, four berths and one office premise will not be renewed when the leases expire; and
- the new Darwin services.

KIS

EBIT for KIS is forecast to decrease by \$0.4M. FY14F includes the once-off listing costs of \$0.9M.

SQL

EBIT for SQL is forecast to increase by \$1.0M mainly through a combination of increased average fares and passenger numbers for Magnetic Island, increased services to Palm Island and the new Darwin services.

CCC

EBIT for CCC is forecast to increase by \$1.1M through berth rationalisation, improved efficiencies in food costs which are under constant review and being rationalised to meet specific market needs and staff savings. These will be generated from lower head count in sales and maintenance.

The material assumptions made by the Directors in preparing the Forecast Financial Information are as follows:

(b) General Assumptions:

The Offer is fully subscribed and the proceeds have been received by 1 November, 2013;

There are no further significant issues of Shares during FY14;

There will be no significant changes in the competitive environment in which the Company operates or in the conduct of any major competitor during the forecast period;

Despite the focus in the Company to undertake growth through acquisitions, the forecasts have taken a conservative view and assumed that there are no significant acquisitions or disposals of businesses or assets during FY14;

There is no loss of key management personnel;

There are no significant beneficial or adverse effects from changed economic conditions in the markets in which the Company operates;

There are no significant industrial, contractual or political disturbances or disruptions impacting SeaLink or in the markets in which it operates;

There will be no significant changes in statutory, legal or regulatory requirements that would have a material effect on the Company's results;

There will be no changes in IFRS or other applicable accounting standards that will have a material effect on the Company's results;

Within the Australian and major global economies, prevailing levels of growth, interest and inflation rates, and consumer confidence continue throughout the forecast period;

There will be no significant changes in the tax regimes in Australia in particular, current corporate income tax and withholding tax rates;

GST will apply to the provision of the Company's products and services in Australia, as provided for in the legislation existing at the date of this Prospectus;

There will be no significant changes in currency exchange rates, in particular, the US dollar/Australian dollar.

There will be no major disease outbreak or environmental disasters such as fire, flood, storm damage which may have a material effect on the Company's revenues;

There will be no major incidents on our ferries which would cause a severe disruption to service levels; and

The Company is not and will not be a party to any significant litigation.

(c) Specific assumptions

The revenue forecast is based on estimates of the number of passengers, vehicles and freight, price increases in core services and growth in various revenue sources. Operating revenues are forecast to grow as a result of expected growth in the overall market as well as price increases already implemented;

Natural market growth has been assumed on the majority of routes at approximately 2%;

Continued growth in international tourists visiting Australia;

Levels of sales discounts are to remain consistent with those presently experienced;

Base Interest bill rates to remain at similar levels to existing variable rate facilities in place;

No change to the current interest rate margin paid on existing Bank facilities;

No material change to the current fuel price;

No change in the level of fuel rebate received from the federal government;

No material change to existing staff levels;

Inflationary increases only in insurance renewals (occurs annually in March);

No significant new regulatory requirements concerning safety and security;

The Company will have substantially lower borrowings after listing;

Australian income tax expense has been forecast at an effective rate of 30% for FY14; and

Future dividends will be paid in accordance with the Dividend Policy described in this Prospectus.

4.4 Key Operating Statistics

The table below sets out the key operating statistics underlying the assumptions listed above for the financial years ended:

| Key Operating Statistics | 2013 Actual | 2014 Forecast | Increase/ (decrease) % |
|------------------------------------------|-------------|---------------|------------------------|
| Passengers (000's) | 1,966 | 2,151 | 9.4% |
| Vehicle carries (000's) | 126 | 129 | 2.4% |
| Fuel (litres 000's) | 4,067 | 4,301 | 5.8% |
| Vessel repairs and maintenance (\$000's) | \$4,318 | \$4,194 | (2.9%) |
| Average ferry revenue per passenger | \$20.60 | \$21.11 | 2.5% |

4.5 Sensitivity Analysis

The Forecast Financial Information is based on a number of key assumptions which have been outlined and which are subject to change. The Forecast Financial Information is also subject to a number of risks as outlined in Section 5.

The Directors of SeaLink have given all due care and attention to the forecasts before their adoption, but forecasts are, by their nature, subject to uncertainty and unexpected events, many of which are beyond the control of the Directors. Accordingly, the Directors' assessment of the forecasts may vary materially from the actual results and there can be no guarantee or assurance that the forecasts will be achieved.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the Forecast Financial Information, the sensitivity of the Forecast EBIT for FY14 to changes in certain assumptions is set out below.

The sensitivity is provided as a guide only and variations in actual performance could exceed the ranges shown. All amounts are shown in Australian Dollars (\$000's).

| Parameter | Change in Assumption | Impact on EBIT forecast for FY14 \$000's |
|--------------------------------|----------------------|------------------------------------------|
| Passenger numbers | +/- 5% | +/- 2,847 |
| Ferry passenger fares | +/- 5% | +/- 1,270 |
| Diesel price/litre* | +/- 10c. | +/- 438 |
| Vessel repairs and maintenance | +/- 10% | +/- 419 |
| Charter revenue | +/- 10% | +/- 339 |
| Commissions payable | +/- 10% | +/- 341 |

* Assumes no change to underlying fares or any impost of a fuel surcharge.

Care should be taken in interpreting these sensitivities. The estimated impact of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that the Company would respond to any adverse change in one variable by seeking to minimise the net effect. For example, an increase in fuel prices may trigger an increase in passenger fares.

4.6 Indebtedness

Indebtedness of SeaLink:

| | Historical (before completion of the Offer) 30 June 2013 | Pro Forma Adjustments | Pro Forma (following completion of the Offer) 30 June 2013 |
|---------------------------|----------------------------------------------------------------------|--------------------------|------------------------------------------------------------------------|
| Cash and cash equivalents | (296) | – | (296) |
| Bank loans and leases | (18,135) | 15,375 | (2,760) |
| Total debt | (18,431) | 15,375 | (3,056) |

The total indebtedness presented above is at the most recent audited balance date. Since then, a further \$6.0M has been drawn down taking the total bank loans and leases to \$24.1M.

Summary of facilities:

SeaLink has existing secured financing arrangements with Australian and New Zealand Bank (ANZ). In addition, leases of selected assets are held with Commonwealth Bank of Australia.

A brief summary of SeaLink's facilities with ANZ is included with the table below.

| Lender | Facility | Use of Proceeds/Facilities | Limit |
|--------|----------------------------------------|---------------------------------------------------------------------------------------------------|---------|
| ANZ | Term debt | Working capital and general corporate purposes (i.e. capital expenditure, business acquisitions). | \$22.0M |
| ANZ | Fixed rate lending | Funding of vessels assets under lease/hire purchase for vessels and buses. | \$5.0M |
| ANZ | Overdraft | Funding of transactional requirements and management of daily cash flow. | \$1.4M |
| ANZ | Letter of Credit/ Indemnity/ guarantee | To provide performance guarantees for rental, lease and licence agreements. | \$0.9M |

In addition, SeaLink has an equipment loan for the Pacific Cat with Commonwealth Bank of Australia (CBA). A further five coaches have been funded through lease/ hire purchase agreements. Exposure under all CBA facilities at 30 June 2013 was \$2.5M.

Financial Covenants:

The agreement under which the ANZ facilities will be made available contains financial covenants typical for facilities of this nature. SeaLink expects to remain in compliance with these undertakings.

A brief summary of these financial covenants is included with the table below.

| Financial covenant | Required amount/ratio |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| Interest Bearing Debt / Total Tangible Assets | Less than 65% |
| Total Interest Bearing Debt / EBITDA | Less than 2.5 times |
| EBIT / Interest expense | At least 3 times |
| Distributions | The sum of all dividends made in respect of a financial year must not exceed 70% of NPAT without ANZ approval. |

- Debt to total tangible assets applies at all times.
- Debt to EBITDA is tested quarterly and based on EBITDA for the preceding 12 months (adjusted for exceptional and extraordinary items).

SeaLink is currently in compliance with its financial covenants and expects to remain in compliance with them.

Security:

SeaLink, together with all the main trading Subsidiaries in the SeaLink Group have provided corporate guarantees and indemnities for each other's liabilities. In addition, ANZ holds first registered charges (mortgage debentures) being fixed and floating charges over various SeaLink Group entities. ANZ also hold first registered mortgages over various properties, vessels and assets.

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5. Risk Factors

An investment in the Company carries risk, including those specific to SeaLink, those broader risks which affect the transport and tourism markets and those more general risks associated with investing in the share market. Many of these risks are outside the control of SeaLink, its Directors and officers. Consequently, the New Shares offered under this Prospectus carry no guarantee in respect of profitability, dividends or return of capital. Neither the Company nor its Directors nor any party associated with the preparation of this Prospectus warrants that any specific objective of the Company will be achieved.

In addition, to the extent that statements in this Prospectus constitute forward looking statements, these statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward looking statements. Although the Company believes that the expectations reflected in the forward looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements, or that historic results will be repeated.

You should consider whether the New Shares offered by this Prospectus are a suitable investment, having regard to their own individual investment objectives, financial circumstances and the risk factors set out below. This list is not exhaustive, and investors should consult their professional advisors before deciding whether to apply for New Shares pursuant to this Prospectus.

The list below highlights the more significant and material risks, however the list may not be exhaustive. Other less significant or less probable factors may also impact the financial performance, the financial position or the cash flow of the Company. Should any or all of these risk factors materialise, the value of the Shares of the Company may be adversely affected.

Consequently, investors should read this Prospectus in its entirety and consider the following risk factors and, if necessary, consult their accountant, financial advisor, stockbroker, lawyer or other professional advisor prior to making an investment in the Company.

Risks specific to SeaLink

5.1 Port Facilities

All of the major ports to which SeaLink operates are owned by government agencies and consequently SeaLink may be exposed to increases in costs and charges imposed by the various port authorities. Any significant increase in these costs and charges could adversely affect SeaLink's business and financial performance.

SeaLink currently operates under licences and agreements to access major port facilities in South Australia until 2024. Access to wharves in Sydney Harbour and Townsville is governed by various agreements with differing terms and conditions (refer to Section 9.6 of the Prospectus). Should any of these access rights be amended or reduced there may be a material adverse effect on SeaLink's financial position and performance.

5.2 Changes to Government Policy

SeaLink is exposed to changes in government policies and regulations which may limit SeaLink's ability to determine and recover fees and charges for its services or may reduce or eliminate government subsidies presently paid to SeaLink.

Each of the main product markets in which SeaLink provides services is subject to varying degrees of government policy and regulation. There is a risk that governments may from time to time make changes to policy and regulation. These changes may relate to the fees and charges that are able to be raised by SeaLink from customers for the provision of services. In particular, governments may seek to introduce price controls which remove or limit SeaLink's ability to determine and implement pricing structures for its services. Changes to policies and regulations may also affect the level of government subsidies SeaLink receives in connection with some of its ferry services. Such changes may have the potential to adversely impact upon SeaLink's profitability and future growth prospects.

5.3 Adverse changes in demand for SeaLink's services

The demand for transportation and tourism services depends upon a wide variety of matters applying to international and domestic customers.

Some of SeaLink's transportation services are insulated from demand factors by having a base level of passenger and freight business largely resulting from geographic factors and lack of any viable alternative transport options. For example, certain freight movements between Kangaroo Island and the South Australian mainland rely upon SeaLink services and establishment of a viable competitive service would require significant outlays in suitable vessels and infrastructure.

International customer demand can be affected by the strength of the Australian dollar against the home currency, and the cost of international travel. International passengers comprise a significant percentage of SeaLink's core businesses (see the market segment discussion at Section 3).

Domestic customer demand for SeaLink transport and tourism services can be affected by many factors including the level of disposable income of Australian consumers, issues related to the strength of the Australian economy, taxation and cost of living expenses, the price of motor fuel, and the cost and availability of alternative tourism experiences.

A lessening in demand for SeaLink's services may have an adverse effect upon SeaLink's financial position and performance.

5.4 Increased Competition

SeaLink is subject to varying degrees of competition in all markets in which it operates.

SeaLink may face increased competition from:

- existing competitors who may for example, undertake aggressive marketing campaigns, product innovation or price discounting;
- new competitors who may enter the market; and
- existing competitors who may consolidate and be able to offer stronger competition.

Although barriers to entry into SeaLink's core markets (the operation of ferry services) are high due to the large outlay costs of acquiring and running appropriate vessels and limited competing infrastructure facilities from which competitors could operate alternative services, the Company has from time to time faced competition on its existing routes. There is no assurance that SeaLink will be able to compete effectively with existing and new competitors in the future. Increased competition may reduce the Company's sales, selling prices and profit margins and may adversely affect its operating results

New start-ups pose a particular risk, as their management may not be fully aware of the economics of the venture and could cause severe price disruption. Increased competition may result in reduced prices and/or passenger numbers for services operated by SeaLink and may have a material adverse effect on its financial position and performance.

5.5 Diesel fuel cost increases

All of SeaLink's vessels and coaches are powered by diesel fuel. Any rises in the cost of fuel (through either increases in the direct cost of diesel or a weakening of the Australian dollar against the US dollar or other currency in which it may happen to be priced) could therefore have an adverse effect on SeaLink's financial position and performance.

If fuel costs increase through either the cost of diesel or the weakening of the Australian dollar compared to

the US dollar, any subsequent fuel surcharge imposed by SeaLink to offset fuel increases could have a dampening effect on travel and result in lower profitability for the Company. This risk is partially mitigated by a fuel hedging arrangement which SeaLink has entered into. More details are set out in Section 9.

5.6 Ferry Maintenance and Replacement Programs

SeaLink believes it has an efficient maintenance program and a well-stocked vessel inventory system. However, SeaLink's fleet of vessels are often reliant upon third party suppliers for parts that in some instances may need to come from overseas. Access to shipyards for the slipping of the vessels also cannot be guaranteed. As a consequence, there is a risk that some vessels may be temporarily out of service due to the unavailability of required spare parts or access to shipyards. A vessel out of service for any reason, such as for maintenance, survey requirements or upgrade could adversely affect SeaLink's financial position and performance. Replacement vessels are not readily accessible.

In addition, excessive repairs and maintenance expenditure may have a material adverse effect on the financial performance of SeaLink.

5.7 Acquisition risk

From time to time SeaLink may undertake acquisitions consistent with its stated growth strategy. The successful implementation of acquisitions will depend on a range of factors including funding arrangements, geographic issues, staff continuity and compatibility of equipment and infrastructure. To the extent that acquisitions are not successfully integrated with SeaLink's existing businesses, the financial position and performance of SeaLink could be adversely affected. Depending on a various factors affecting SeaLink at the time of any future acquisition such as SeaLink's share price, its financial position and performance and the nature of the acquisition, SeaLink may decide that it is in the best interests of SeaLink and its shareholders to fund the acquisition through the issue of further shares. If this were to occur, it may result in dilution of the ownership interests of SeaLink shareholders.

5.8 Availability of Fuel

SeaLink does not carry large fuel reserves and any major shortage of fuel (whether through strikes, worldwide shortage, or other causes) may affect the ability to continue to provide ferry and coach services. Such a disruption could have an adverse effect on SeaLink's financial position and performance.

5.9 Destination Risks and Environmental Factors

Natural environmental disasters (such as fire, flood, storms, storm damage or other extremes of weather) can impact greatly on SeaLink's business, particularly given the exposure of some destinations such as Kangaroo Island, Queensland and Northern Territory ports, to such extremes. In the event of a natural environmental disaster SeaLink may be prevented from operating its normal services (whether ferry services or coach tours). Such a disruption could have an adverse effect on SeaLink's financial position and performance.

5.10 Key Staff and Industrial Relations

SeaLink has many key managers who have substantial experience in their area of expertise. The loss of the services of any key manager without adequate replacement or the inability to attract new qualified personnel could have a material adverse effect on the business of the Company. There is also a risk that SeaLink may fail to attract and/or retain staff. As with all companies, it is also essential for growth that good employee relations are maintained. Although SeaLink believes that it currently maintains good industrial relations with its employees, it cannot provide any assurance that industrial disputes will not arise in the future.

5.11 Wage Costs

Wages are a major component of SeaLink's expense base. Any significant growth in wage costs may have a material adverse effect on the financial position and performance of SeaLink.

5.12 Failure to meet regulatory standards

SeaLink's ferries and coaches operate under licences and approvals issued by government agencies. SeaLink's operations could be adversely affected if:

- it is unable to maintain any licence or approval which it is required to obtain or maintain in order to conduct its operations;
- it breaches any applicable legislation or regulatory requirement;
- it is required to comply with new or additional legislative or regulatory requirements; or
- the cost of complying with the applicable legislation and regulations increases.

For example, a decision by a relevant government to increase security standards in respect of one or all sea

going vessels or ports could have a material adverse effect on the business, financial condition and financial performance of the Company.

5.13 IT Systems

Reservations System

SeaLink's reservations system is provided by its subsidiary, TravelLink Technology Pty Ltd. There exists a risk that SeaLink's reservations system could be brought down by hardware malfunction, an overloading of the system or by a deliberate and unauthorised attack. In such an event, SeaLink's operations could face disruption with consequential and an adverse effect on SeaLink's financial condition and performance.

Other IT and Communications Systems

As with most businesses, there is a heavy reliance on the smooth functioning of the computer and communications network within the Company. There is always a risk that failure of any of these systems could affect business operations. This risk is partially mitigated by the computer and communication back-up systems that SeaLink has put in place.

5.14 Intellectual Property

The Company's ability to protect its intellectual property is important for it to compete successfully and achieve future growth in sales. SeaLink has registered its key trademarks in Australia.

However, there may be third party infringements of its trademarks. To enforce its intellectual property rights, SeaLink may have to commence legal proceedings against third parties who infringe its rights. Such intellectual property litigation may be expensive and time consuming and may divert valuable resources from and disrupt the conduct of SeaLink's business. Further, SeaLink may not be successful in its infringement claims which will lead to a waste of its financial resources.

SeaLink is not aware of any material violation or infringement of trademarks and intellectual property rights of others. Nevertheless, there can be no assurance that in its development of new designs, logos and methods, SeaLink may inadvertently infringe the intellectual property rights of others, or others may assert infringement claims against SeaLink. Such claims against SeaLink, even if untrue or baseless, could result in significant legal and other costs and may be a distraction to its management. Adverse determinations in such litigation could result in loss of proprietary rights or subject SeaLink to significant liabilities. As a result, SeaLink's financial and operating results may be adversely affected.

5.15 Foreign Currency Risk

The Company derives its revenue in Australian dollars. Whilst the Company pays for its fuel in Australian dollars, the price of fuel is also affected by the value of the United States dollar.

5.16 Capital Requirements

There can be no assurance that the Company will not seek to exploit business opportunities of a kind which will require it to raise additional capital from equity or debt sources.

There can be no assurance that such funding, if required, will be available or, if available, will be on favourable terms. If the Company is unable to obtain such additional capital, it may be required to reduce the scope of its anticipated operations, which could adversely affect its business and financial position.

5.17 Carbon Reduction System

The federal government has introduced a carbon reduction system. This has had an effect on a higher cost of fuel due to a lower diesel fuel rebate as well as increasing the price of energy. Details of future changes to the system are unknown; however their introduction may have a negative effect on SeaLink's fuel costs and as such, would adversely impact the financial performance of the Company.

5.18 Safety and Risk Management

The Company is subject to safety laws and regulations in connection with all operations. The Company has put in place a safety program designed to assist with risk management, risk audits and review. This program is overseen by the Audit and Risk Management Committee. However, there are risks inherent to the Company's activities that could subject the Company to extensive liability.

An accident either involving a SeaLink business or asset could have an adverse effect on the demand for the Company's products or services.

5.19 Security

The Company is subject to security laws and regulations and monitors industry best practice in connection with the operation of its ferries. The Company maintains ongoing liaison with relevant government agencies to share intelligence and monitor industry best practices.

The Company has put in place procedures designed to protect staff, property and information from interference, theft and unlawful access. Changes in the relevant

legislation, regulation and policy in jurisdictions in which the Company operates may adversely affect the future earnings of the Company.

5.20 Managing Growth

Growth within SeaLink may place significant strain on its managerial, operational and financial resources. To manage its potential growth, the Company will implement and improve its operational and financial systems and develop, expand, and manage its staff. No assurance can be given as to the Company's ability to manage future growth.

5.21 Brand and Reputational Risk

The reputation and branding of SeaLink is an important factor in its success. Anything that diminishes SeaLink's reputation or brand would be likely to be adverse to SeaLink and may diminish the demand for SeaLink's services thereby detrimentally affecting SeaLink's profitability and prospects for growth.

5.22 External Shocks

The tourism industry is vulnerable to external shocks like the SARS outbreak, avian influenza or terrorism fears. Regional tourism in Australia has been relatively sheltered from most of the global shocks, such as the 11 September, 2001 attack in the United States, the war in Iraq, SARS and avian influenza that have affected the international tourism industry in past years.

5.23 Insurance

The Company maintains insurance within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted.

Insurances are renewed annually. For future renewals, it may not be possible for the Company to obtain insurance for all risks customarily insured against. In addition, in recent years the cost of insurance cover has fluctuated. However, at present SeaLink considers that its insurance coverage is appropriate for a company in its circumstances.

Any losses incurred due to uninsured risk, or a loss in excess of uninsured amounts, may adversely affect the Company's performance. Increases in insurance premiums or failure by the insurance company to provide the insurance may also adversely affect the Company's performance.

5.24 Environmental Sustainability

Public concerns regarding global warming and environmental sustainability may have an effect on the tourism and transport industry. Transport, being a high user of fossil fuels, may be required to seek more environmentally friendly alternatives. This could have the effect of either increasing operating costs due to the reduction in carbon output or reduce the number of travellers.

5.25 Terrorism

All major transport providers worldwide are potentially a terrorist target. Any such attack on SeaLink vessels, coaches and port facilities may have a major adverse material effect on the ongoing profitability and value of the business despite insurance being held to cover this type of event.

5.26 Physical loss or damage

SeaLink's operations are subject to the risk of physical loss or damage to its vessels (whether hull or machinery). Loss or damage to any of these assets whether caused by fire, explosion, collision with other vessels or infrastructure such as wharfs and other port facilities, or as a result of the perils of the sea, may adversely affect SeaLink's financial performance.

Although SeaLink maintains insurance cover for its fleet and the ownership and operation of that fleet, claims made pursuant to insurance policies may be disputed or the cover may prove to be inadequate in particular circumstances. In addition, there may be exposure to legal liability arising out of SeaLink's ownership or operation of that vessel, whether related to loss or damage to third party property and/or bodily injury.

General Risks

5.27 Share market

Share market conditions may affect listed shares regardless of a Company's operating performance. Share market conditions are affected by many factors such as:

- domestic and international economic conditions and general economic outlook;
- changes in Australian and international stock markets;
- interest rates and inflation rates;
- currency fluctuations;
- perception of investors towards particular market sectors;
- taxation, government and monetary policies;
- the demand for and supply of capital; and
- war, terrorism or other hostilities.

5.28 Economic Factors

Factors such as inflation, general economic conditions, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, product supplies, commodity prices and stock market prices. A company's future profitability and the market price of its shares can be affected by these factors, which may be beyond the control of the Company.

5.29 Accounting Standards

Australian Accounting Standards are set by the Australian Accounting Standards Board (AASB) and are outside the control of SeaLink. Changes to the accounting standards issued by AASB could adversely affect the financial performance and position reported in SeaLink's financial statements.

5.30 Government Policy

The introduction of new legislation or amendments to existing legislation and regulations by governments, the decisions of courts and tribunals and the rulings and decisions of regulatory authorities, can impact adversely on the assets, operation and, ultimately, the financial performance of a company and its securities. Any adverse changes in political and regulatory conditions or financial reporting could markedly affect a company's prospects. Political changes such as changes in both monetary and fiscal policies, import regulations and tariffs, taxation, methods of taxation and currency exchange could affect the profitability of a company and adversely affect the return to shareholders.

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6. Key People, Interests and Benefits

6.1 Board of Directors

6.1.1 Experience and Background

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.



Giuliano M. Ursini
(B. Arch, FRAIA, FAICD)
Non-Executive Chairman

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

He has designed and developed projects in many fields of endeavour including tourism. Giuliano joined the Board in 1996 and was part of the consortium which led the initial purchase of SeaLink. Giuliano is aged 66 years.



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

Jeffrey Ellison holds a Bachelor of Arts Degree in Accounting from the University of South Australia, is a Fellow of the Institute of Chartered Accountants Australia and the Institute of Company Directors. Following eight years in private practice he joined SeaLink as Finance Manager in 1991 and was promoted to the position of Chief Executive Officer in early 1997 and Managing Director in 2008. Jeffrey has been instrumental in the development of SeaLink from a ferry and day tour operator to a diversified tourism and transport operator increasing operating revenue from \$12.8 million in 1997 to \$92 million in 2013.

Jeffrey is a board member of The Adelaide Convention Centre and is a Member of Tourism Australia's International Industry Advisory Panel. Jeffrey has been awarded Life Membership of TTF Australia.

Other non-executive roles have included Board Member of the South Australian Tourism Commission, TTF Australia (Tourism & Transport Forum) and a Regional Board Member of the Institute of Chartered Accountants SA & NT. Jeffrey is aged 54 years.



Frederick A. Mann
(FCA, MAICD)
Non-Executive Director

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

Fred has been an investor in SeaLink since 1996. He currently consults to a number of businesses, including a building products company developing major projects in China and India.

Fred is a fellow of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors. Fred was appointed to the Board in 1996 and is aged 69 years.



Christopher D. Smerdon
(MAICD)
Non-Executive Director

Chris Smerdon has extensive experience in the Information Technology field. He founded Protech Australasia Pty Ltd in 1984 and was Managing Director until he sold his interests in 1995. Under his leadership, Protech was developed into a national business with offices located throughout Australia.

In 1996 he established IT Services Group which in 2001 became part of Vectra Corporation Limited, an international provider of security consulting, solutions and infrastructure. Chris is currently Managing Director of Vectra Corporation.

Other directorships currently held by Chris are with the South Australian Government Motorsport Board and Tourism & Allied Holdings Pty Ltd.

Chris joined the Board in 2002 and is a major shareholder in SeaLink. Chris is aged 56 years.



William T. (Bill) Spurr
(B.App,Science, B.Ec., Dip T, F.A.I.C.D.)
Non-Executive Director

Bill Spurr's extensive experience in the tourism and hospitality industries commenced in the early 1980s when he was the Executive Director of the Australian Hotels Association.

Bill held the position as Chief Executive of the South Australian Tourism Commission from 1999-2007.

Bill is currently Chair of Education Adelaide; a Member of Tourism Australia Domestic Industry Advisory Panel, a Board member of the Adelaide Entertainment Centre; the Adelaide Festival Centre Trust; SeaLink Travel Group; the Adelaide Fringe; Hutt Street Foundation and is an adjunct Professor of Tourism at Flinders University. Bill is aged 66 years.



Terry J. Dodd
Non-Executive Director

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

Terry is Managing Director of Pacific Marine Group Pty Ltd one of Australia's largest diving companies. Terry was previously Managing Director of Sunferries prior to its sale to SeaLink.

Terry is also Managing Director of Sydney Fast Ferries and is aged 53 years.

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**Lucinda (Lucy) Hughes Turnbull AO
(LLB (USyd), MBA (UNSW))**

Non-Executive Director

Lucy Turnbull is a Director at Turnbull and Partners and Chairman of ASX listed biotechnology company Prima Biomed Limited.

She has deep roots in Sydney's business and civic life and chairs the Committee for Sydney. Lucy was Deputy Chair of the COAG Reform Council's Cities Expert Panel advising on its Metropolitan Strategic Planning Report. She was the first female Lord Mayor of the City of Sydney from 2003-4 and before that was Deputy Lord Mayor from 1999-2003.

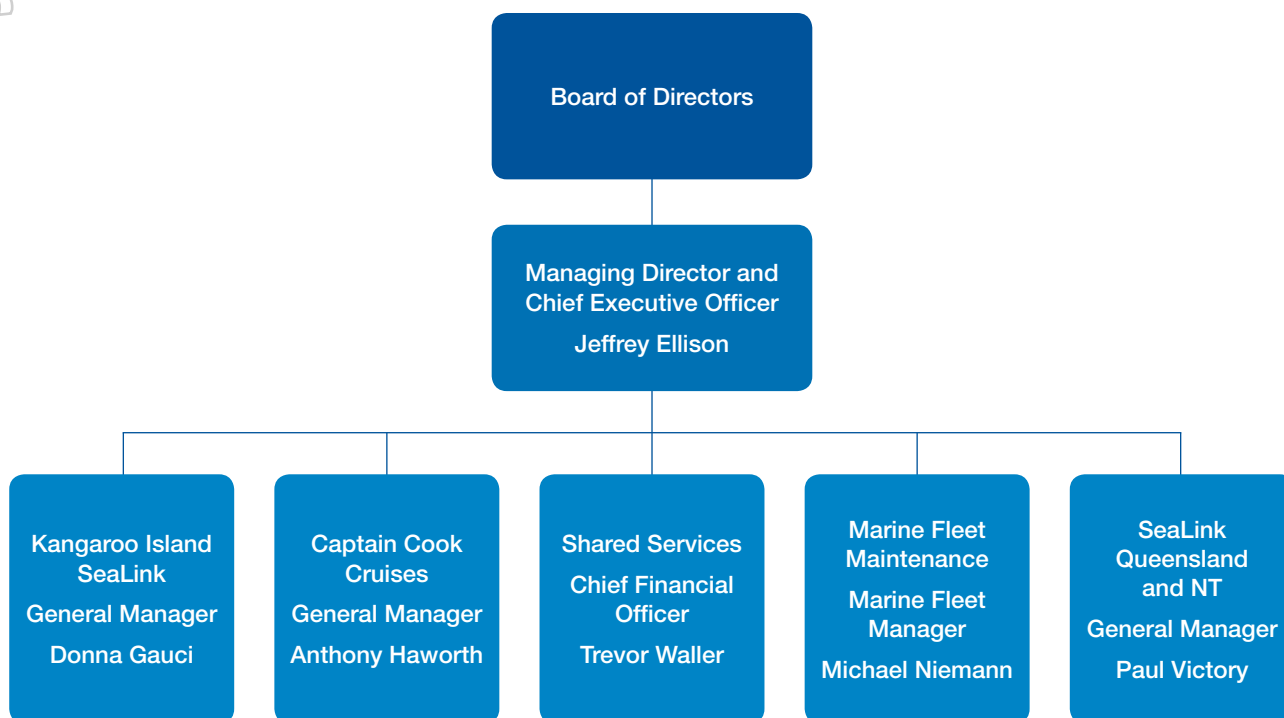
Lucy chaired ASX listed WebCentral Ltd from 2004-06 when it was acquired by ASX listed Melbourne IT Limited. She was a director of Melbourne IT from 2006-10.

She is a board member of the Sydney Metropolitan Development Authority and since 2005 has served on the board of the Redfern Waterloo Authority.

In 2012 she was awarded an Honorary Doctorate of Business by the University of NSW for her contribution to business, philanthropy and local government. In 2011 she became an Officer of the Order of Australia for distinguished service to the community, local government and business. Lucy is aged 55 years.

6.2 Management Structure

The SeaLink management structure reflects the key business units of the Company, as shown in the following chart.



Key Management Executives

SeaLink's key management executives underpin the success of the business units. In addition, SeaLink employs a very experienced Marine Engineer to oversee the maintenance and development of the Company's marine fleet.

Chief Financial Officer and Company Secretary Trevor Waller (B.A (Acc), Dip Corp Management)

Trevor Waller is the CFO and Company Secretary of the SeaLink Group, a position he has held since June 2006. He is a former Chartered Accountant and Chartered Secretary and joined SeaLink following a wide range of commercial experience and 8 years in private practice. Trevor has been a key driver in developing the finance team and has played a pivotal role in the integration of various acquisitions to date.

A major part of Trevor's commercial experience has been in the field of finance where he has held key management roles at Queensland Industry Development Corporation, Beneficial Finance Corporation Limited and Suncorp Limited.

Prior to Trevor's commercial experience, he was an Audit Manager at KPMG.

Trevor holds a Diploma in Corporate Management and a Bachelor Degree in Arts.

General Manager – Kangaroo Island SeaLink Donna Gauci

Donna Gauci joined SeaLink's New Zealand business in 2005 as General Manager where she had overall responsibility for the entire operation reporting to SeaLink's Managing Director. She transformed SeaLink's New Zealand business into a profitable business unit until its sale in 2011 at which stage, Donna returned to Australia and took charge as General Manager of SeaLink's business in South Australia.

Prior to her 8 years with SeaLink, Donna worked 21 years in the tourism industry both in New Zealand and Australia starting as a retail consultant and working her way to General Manager Sales at Great Southern Rail. Prior to that role, she was the Chief Executive Officer for Proud Australia, the operator of the Proud Mary River Murray paddle steamer.

General Manager – Captain Cook Cruises Anthony Haworth (B.Business, FAICD)

Anthony Haworth is responsible for the daily operation of a fleet of 13 vessels on Sydney Harbour and the Murray River. Anthony has over 35 years of direct experience within the cruise, tourism and hospitality industries. He holds a Bachelor's Degree in Business Administration, and is a Fellow of the Australian Institute of Company Directors. Anthony also trained as a Master Class 4, an Engineer and in Hotel Management. Anthony is also

a non-Executive Director of Captain Cook Cruises Fiji.

Anthony is also Vice President of the Commercial Vessels Association of NSW.

**General Manager – SeaLink Queensland and NT
Paul Victory (B.A., Grad Dip Business, MA)**

Since 1990 Paul has worked in a variety of roles in tourism including working for Contiki UK in London, the Victorian Local Government sector particularly across North Eastern Victoria and for the South Australian Tourism Commission in 2000. Paul developed the Great Australian Outback Cattle Drive as the key event of The Year of the Outback in 2002 winning Tourism and Marketing Awards for his work.

Paul joined SeaLink in 2003, leading a number of business divisions, including National and International sales. Paul has extensive Regional Tourism sales and Industry Board experience and has led SeaLink's team into the China market. He has been in charge of our SeaLink Queensland business since December 2011.

Paul has a Masters Degree from Victoria University, Melbourne in 1997 having undertaken Post Graduate Business Marketing Studies at Edith Cowan University, Perth and undergraduate study in Adelaide.

**Marine Fleet Manager
Michael Niemann (Dip. Mgmt)**

Michael Niemann has overall responsibility for SeaLink's fleet management including risk control systems and quality control. He also oversees all slipping processes.

Michael's career spans over 25 years focussing mainly on coastal and inland commercial maritime businesses. He has had extensive experience at the operational, contract management and compliance arenas, with more recent roles in strategic areas dealing with business development and controls systems implementation into public transport ferry services in Abu Dhabi.

Michael has previously worked for Sydney Ferries, Kangaroo Island Fast Ferries and Captain Cook Cruises.

He has a Master Class 4 and has undertaken extensive training in risk management, incident control and environmental quality.

6.3 Interests and Benefits

6.3.1 Interests of Directors and proposed Directors

This Section sets out the nature and extent of the interests and fees of certain persons involved in the Offer.

Other than as set out below or elsewhere in this Prospectus:

- (a) no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last two years before the date of lodgement of this Prospectus with ASIC, any interest in:
 - the formation or promotion of the Company; or
 - any property acquired or proposed to be acquired by the Company in connection with its formation or in connection with the Offer; or
 - the Offer; and
- (b) no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:
 - to a Director or proposed Director to induce him to become, or to qualify as, a Director; or
 - for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or in connection with the Offer.

6.3.2 Interests of Experts and Advisors

Except as disclosed in this Prospectus, no expert, stockbroker, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, at any time during the two year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer under this Prospectus; or
- the Offer.

6.4 Director's Holdings

Directors (and their associated entities) hold the following Shares and Options:

| Director | Shares | Options |
|-------------------------|-----------|-------------------------------------------------------------------------------|
| Christopher Smerdon**** | 6,250,000 | 375,000 A Class Options 375,000 B Class Options |
| Terry Dodd***** | 5,400,000 | Nil |
| Giuliano Ursini* | 5,000,000 | 500,000 A Class Options 500,000 B Class Options |
| Jeffrey Ellison** | 4,767,769 | 750,000 A Class Options 750,000 B Class Options 750,000 C Class Options |
| Frederick Mann*** | 3,173,077 | 375,000 A Class Options 375,000 B Class Options |
| William Spurr | Nil | 375,000 A Class Options 375,000 B Class Options |
| Lucinda Hughes Turnbull | Nil | Nil |

* 3,500,000 Shares are held by Flavon Nominees Pty Ltd as trustee for The Dacro Account. Mr Ursini is a director and shareholder of Flavon Nominees Pty Ltd and a beneficiary of The Dacro Account. 1,500,000 Shares are held by Flavon Nominees Pty Ltd as trustee for the Ursini Associates Architects Pty Ltd Super Fund Account. Mr Ursini is a beneficiary of the Ursini Associates Architects Pty Ltd Super Fund Account.

** 3,767,769 Shares are held by Hebden Pty Ltd as trustee for the J R Ellison Family Trust. Mr Ellison is a director and shareholder of Hebden Pty Ltd and a beneficiary of the J R Ellison Family Trust. 1,000,000 Shares are held by Jeffrey Ellison and Toni Ellison jointly as trustee of the Ellison Superannuation Fund.

*** Shares are held by Equilink Pty Ltd as trustee for the F A Mann Family Trust. Mr Frederick Mann is a director and shareholder of Equilink Pty Ltd and a beneficiary of the F A Mann Family Trust.

**** Shares are held by Prescott No. 22 Pty Ltd as trustee for Prescott No. 22 Trust of which Mr Smerdon is a beneficiary.

***** 4,392,175 shares are held by Sunrop Pty Ltd a company of which Mr Terry Dodd is a director. 807,825 shares are held by Sunpac Pty Ltd as trustee for the TSD Discretionary Account of which Mr Terry Dodd is a director and beneficiary. 200,000 shares are held by Caviana Pty Ltd as trustee for the Caviana Superfund Account of which Mr Terry Dodd is a beneficiary.

6.5 Remuneration of Directors

6.5.1 Non-Executive Directors

The Constitution provides that the remuneration of all non-executive Directors will not be more than the aggregate fixed sum of \$580,000 per annum or such other amount determined by a general meeting of shareholders. The Board has resolved that for the FY14, Giuliano Ursini (Non-Executive Chairman) will be paid \$139,000 per annum. Frederick Mann, Terry Dodd, Christopher Smerdon, William Spurr, and Lucy Hughes Turnbull, as Non-Executive Directors based in Australia, will each be paid \$69,000 per annum.

Non-Executive Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors.

6.5.2 Managing Director Service Agreement

The Company and Jeffrey Ellison entered into a Managing Director Service Agreement on 15 August 2013. The Managing Director Service Agreement will have effect from the date SeaLink lists on the ASX and expires five years from that date (Initial Term). The agreement also allows the Company to extend the term of the employment.

Under the Managing Director Service Agreement, the Company must pay Jeffrey Ellison a total gross remuneration package of \$451,584 per annum (including wages, superannuation and motor vehicle) for his position as Managing Director of the Company. The remuneration package is reviewable on an annual basis.

The remuneration of Jeffrey Ellison as the Managing Director of the Company, is in addition to the amounts that may be paid to Non-Executive Directors in their capacity as Directors.

Jeffrey Ellison is entitled to receive an annual performance bonus if the Company's NPAT exceeds budgeted NPAT by 10% in which case Jeffrey Ellison will receive a performance bonus equal to 10% of the excess.

In addition, Jeffrey Ellison is also entitled to a travel allowance of up to \$10,000 per annum for family to travel with him on business related travel. Fringe benefits tax is payable by the Company on this amount.

Jeffrey Ellison may terminate the Managing Director Service Agreement and his employment with the Company at any time by giving the Company 90 days written notice.

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

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

Upon termination of Jeffrey Ellison's employment, he will be subject to a restraint of trade for a period of 12 months.

Details of Jeffrey Ellison's voluntary escrow arrangements are set out in Section 7.14.

6.6 Director Protection Deed

The Company has entered into a Director Protection Deed with each Director. Under the Deed, the Company indemnifies the Directors to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the Directors, in connection with their offices or a breach by the Company of its obligations under the Deed.

The Deed also requires the Company to insure the Directors against liability and provide access to all board papers relevant to defending any claim brought against the Directors in their capacity as officers of the Company.

In particular, SeaLink must obtain such insurance during each Director's period of office and for a period of seven years after a Director ceases to hold office.

6.7 Related Party Transactions

Some Directors benefit from related party transactions with the Company.

SeaLink has entered into a lease agreement with Teriga Limited of office premises situated at 440 King William Street, Adelaide. The current term is for a period of five years commencing 14 July 2013. The initial rent of \$135,520.00 (GST exclusive) is subject to review. In addition a car park licence fee of \$1,800 (GST exclusive) per annum per vehicle (in respect of nine car parking spaces) is payable by SeaLink. SeaLink Directors Giuliano Ursini and Christopher Smerdon are Directors of Teriga Limited. SeaLink Directors Giuliano Ursini, Christopher Smerdon, Frederick Mann and Jeffrey Ellison are also shareholders of Teriga Pty Ltd.

The background to this agreement relates to the implementation of a demerger in 2008 whereby the property was transferred out of SeaLink to Teriga Limited, and all shareholders of SeaLink at that time received a pro rata entitlement of shares in Teriga Limited.

SeaLink also leases premises in suburban Adelaide predominantly for bus storage and maintenance purposes.

The premises are leased from Tourism and Allied Holdings Pty Ltd under a lease agreement which expires in October 2015 and obliges SeaLink to pay a rental of \$100,000 (GST exclusive) per annum subject to review. SeaLink Director Christopher Smerdon is a Director and Shareholder of Tourism and Allied Holdings Pty Ltd.

6.8 Senior Executive Remuneration

SeaLink's other management personnel are employed under individual service agreements. These establish:

- total compensation, inclusive of base salary and superannuation contribution;
- eligibility to participate in SeaLink's Employee Share Option Plan (see Section 9.4 for details);
- notice and termination provisions (typically one month), or without notice by SeaLink in the case of serious misconduct by the employee;
- restraint and confidentiality provisions; and
- leave entitlements.

6.9 Corporate Governance Statement

The Board of Directors of SeaLink are responsible for the corporate governance of the Company and its controlled entities (the SeaLink Group), monitors the operational and financial performance of the SeaLink Group, oversees its business strategy and approves its strategic direction.

The ASX Listing Rules require listed entities to disclose the extent to which they have followed the best practice recommendations set by the ASX Corporate Governance Council during a reporting period.

This corporate governance statement summaries the corporate governance practices that have been formally reviewed and adopted by the Board with a view to ensuring continued investor confidence in the operations of the Company and endorsing the corporate governance principles relevant to a company of SeaLink's nature and size.

6.9.1 Board Responsibilities

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

The key responsibilities of the Board include:

- approving the strategic direction and related objectives of the Company and monitoring management performance in the achievement of these objectives;
- adopting budgets and monitoring the financial performance of the Company;

- reviewing the performance of the Managing Director;
- overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- overseeing the implementation and management of effective safety and environmental performance systems;
- ensuring all major business risks are identified and effectively managed;
- ensuring that the Company meets its legal and statutory obligations; and
- ensuring compliance with ASX Listing Rules disclosure requirements.

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

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

6.9.2 Size and Composition of the Board

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

- the Constitution provides that at every annual general meeting, one third of the Directors shall retire from office but may stand for re-election;
- Board composition will be also reviewed periodically either when a vacancy arises or if it is considered the Board would benefit from the services of a new director, given the existing mix of skills and experience of the Board, which should match the strategic demands of the Company; and
- remuneration of the non-executive directors is reviewed and approved by the Board. The maximum aggregate annual remuneration which may be paid to non-executive directors is currently \$580,000. This cannot be increased without approval of the Company's shareholders. Remuneration of the Managing Director is reviewed and approved on an annual basis by the non-executive directors.

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

6.9.3 Ethics and Independence

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

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

Corporate Governance Council Recommendation 2.1 requires a majority of the Board to be independent directors. In addition, Recommendation 2.2 requires the chairperson of the Company to be independent. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement.

In accordance with this definition, William Spurr and Lucy Hughes Turnbull are independent. The following Directors are not considered to be independent.

| Name | Position |
|---------------------|------------------------|
| Giuliano Ursini | Non-Executive Chairman |
| Jeffrey Ellison | Managing Director |
| Frederick Mann | Non-Executive Director |
| Christopher Smerdon | Non-Executive Director |
| Terry Dodd | Non-Executive Director |

6.9.4 Board Committees

It is the role of the Board to oversee the management of the Company and it may establish appropriate committees to assist in this role.

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

The Board has an Audit and Risk Committee. At the present time no other committees have been established because of the size of the Company and the involvement of the Board in the operations of the Company. The Board takes ultimate responsibility for the operations of the Company including remuneration of Directors and executives and nominations to the Board.

6.9.5 Audit and Risk Committee

The committee comprises William Spurr (Chairman), Frederick Mann and Christopher Smerdon.

The primary responsibilities of the committee are to:

- assess whether the Company's external reporting is legally compliant, consistent with committee members' information and knowledge and suitable for Shareholder needs;
- assess the management processes supporting external reporting;
- liaise with the external auditors and ensure that the audit review is conducted in an effective manner;
- make recommendations for the appointment or removal of auditors;
- on an annual basis, assess the performance and independence of the external auditors;
- monitor the coordination of the internal and external audits in so far as they relate to the responsibilities of the committee;
- recommend to the Board and then promulgate clear standards of ethical behaviour required of Directors and key executives and encourage observance of those standards;
- recommend to the Board and then promulgate and maintain a sound system of risk oversight and management and internal control which:
 - > identifies, assesses, manages and monitors risk;
 - > informs investors of material changes to the Company's risk profile; and
 - > recommend to the Board and then promulgate and maintain a system to ensure compliance with all environmental and occupational health and safety regulations and legislation.

6.9.6 Continuous Disclosure

The Company has a policy that all shareholders and investors have equal access to the Company's information. The Board has the responsibility to ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act and ASX Listing Rules.

6.9.7 Shareholder Communication

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

Information will be communicated to Shareholders through:

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

The Auditor is invited to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

6.9.8 Identification and Management of Business Risk

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

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

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

Additionally, it is the responsibility of the Audit and Risk Committee to assess the adequacy of the Company's internal control systems and that its financial affairs comply with applicable laws and regulations and professional practices. The Managing Director and the Chief Financial Officer declare in writing to the Board that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating effectively. This representation is made prior to the directors' approval of the release of the annual accounts. This representation is made after enquiry of, and representation by, appropriate levels of management.

6.9.9 Securities Trading Disclosure

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

The Constitution permits Directors to acquire securities in the Company, however Company policy prohibits designated persons from dealing in the Company's securities at any time whilst in possession of price sensitive information. In addition to this general prohibition, designated persons may not deal in the Company's securities:

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

These restrictions are however subject to limited exceptions. Designated persons proposing to deal in the Company's securities must notify the Company of their intention and receive confirmation from the Company to allow them to deal in the Company's securities.

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

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

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

- independence of the Board and Audit and Risk Committee; and
- formation of Nomination and Remuneration Committees.

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7. Details of the Offer

7.1 Offer

The Company is offering 15,000,000 New Shares at a price of \$1.10 each, to raise \$16.5 million.

The New Shares to be issued under the Offer are of the same class and will rank equally in all respects with the Existing Shares in the Company. The rights and liabilities attaching to New Shares are further described in Section 9 of this Prospectus.

Persons wishing to apply for New Shares pursuant to the Offer should refer to Section 7.8 of this Prospectus 'How to Apply for New Shares' for further instructions.

Existing Shareholders may participate in the Offer.

All New Shares offered for issue under the Offer will be issued subject to the disclosures in this Prospectus.

7.2 Purposes of the Offer

The Company's principal purposes in making the Offer and seeking admission to the Official List of ASX is to provide:

- a liquid market for its shares and an opportunity for others to invest in shares in Sealink;
- funds for the acquisition of ferries for expansion in Sydney and Darwin;
- funds to upgrade the existing fleet including for the conversion of an existing vessel to cater for the expanding Asian tourist market;
- funds to strengthen the financial position to enhance the capability of the Company to undertake further acquisitions; and
- a raised profile.

The Company intends to apply the funds raised from the Offer as set out in Table 7.3.1 Proposed Use of Funds' in Section 7.3 of this Prospectus.

7.3 Proposed Use of Funds

Upon the successful Completion of the Offer, the Company anticipates raising approximately \$15.52M after expenses. It is intended that the Funds raised from the Offer will be used as follows:

Table 7.3.1 Proposed Use of Funds

| Use of Funds | Amount |
|------------------------------|--------------|
| Funds raised under the offer | \$16,500,000 |
| Costs of the Offer | \$1,125,000 |
| Net proceeds of the Offer | \$15,375,000 |

| Activity | Amount |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1 Acquisition of ferries for expansion in Sydney and Darwin <i>(\$3.1M expended to date through increased debt drawdown)</i> | \$4,200,000 |
| 2 Refurbishment and upgrade of existing fleet, including conversion of vessel to cater for Asian market <i>(\$1.3M expended to date through increased debt drawdown)</i> | \$3,500,000 |
| 3 Strengthen financial position by reduction of borrowings | \$7,675,000 |

Although the proceeds of the Offer are primarily to be used as summarised above, the actual allocation of funds may change depending upon opportunities for suitable acquisitions, and changes to working capital requirements.

If less than the Full Subscription is raised, funds received will be applied after expenses, towards the acquisition and construction of ferries, the refurbishment and upgrade of fleet and then the reduction of borrowings, in that order and to the extent that funds raised permit.

7.4 Working Capital Adequacy

The Directors are satisfied that on Completion of the Offer, the Company will have sufficient funds to carry out its stated objectives.

7.5 Capital Structure

The Company's capital structure before and after completion of the Offer is set out in Table 7.5.1 Capital Structure – Shares.

Options currently on issue in the Company are set out in Table 7.5.2 Options on Issue.

Both tables assume that no Existing Options have been exercised after the date of this Prospectus.

Table 7.5.3 Effect of Dilution details the capital structure at the time of the Completion of the Offer if all Options currently issued were exercised.

Table 7.5.1 Capital Structure – Shares

| | At Full Subscription | % of Total |
|-----------------------------------------|----------------------|------------|
| Existing Shares | 55,000,000 | 78.6% |
| New Shares to be issued under the Offer | 15,000,000 | 21.4% |
| Total Shares after the Offer | 70,000,000 | 100% |

Table 7.5.2 Options on Issue

| Option Class | Exercise Price | Expiry Date | Number on Issue |
|--------------------------|----------------|--------------------------------------------------------------------|------------------|
| A Class | \$1.20 | 21/10/14 | 3,125,000 |
| B Class | \$1.40 | 21/10/14 | 3,125,000 |
| A Class Employee Options | \$1.20 | 21/10/14 | 298,125 |
| B Class Employee Options | \$1.40 | 21/10/14 | 298,125 |
| C Class | \$1.40 | 5 years from the date the Company is admitted to the Official List | 750,000 |
| Total Options | | | 7,596,250 |

Table 7.5.3 Effect of Dilution

| | At Full Subscription | % of Total |
|-----------------------------------------------------------------------------|----------------------|-------------|
| Existing Shares | 55,000,000 | 70.9% |
| New Shares to be issued under the Offer | 15,000,000 | 19.3% |
| Shares issued as a result of the exercise of all Options currently on issue | 7,596,250 | 9.8% |
| Total | 77,596,250 | 100% |

7.6 Investment Risks

As with any share investment, there are a number of risks associated with investing in the Company. The principal risks that could affect the Company are detailed in Section 5 of this Prospectus. Applicants are advised to consider these risks carefully before deciding whether to invest in the Company and to seek appropriate professional advice. In particular, the Company's financial forecasts are based on various assumptions. These assumptions may be affected by a range of business and other risks (including risks that apply equally to all companies and businesses such as changes in interest rates, movements in exchange rates and general economic conditions). The assumptions relevant to the Company's forecasts and the risks associated with them are considered in more detail in Section 4 of the Prospectus.

7.7 Dividend Policy

The dividend policy is to payout between 50% and 70% of net profit after tax as dividends.

The Company intends for dividends to be fully franked subject to the availability of franking credits.

The Board recognises that the actual level of dividends paid will be determined after consideration of:

- the financial position and strength of the Company;
- the ability of the Company to repay debts as and when they fall due;
- the actual and forecast performance of the Company and available distributable profits;
- the Company's business and capital management plans;
- any regulatory requirements with respect to the Company's capital and liquidity levels; and
- general business and financial conditions and any other factors considered relevant by the Board.

Future dividends to the extent they are paid, are expected to be payable, in arrears, for half yearly periods ending 31 December and 30 June and paid in the following April and October respectively.

There can be no assurance that any dividends will be paid, or as to the level to which those dividends will be franked, as actual events might differ from the assumptions used in assessing the ability of the Company to pay these dividends, including actual profit, the financial and taxation position of the Company and the Directors view of the appropriate payout ratio from time to time.

The next dividend payable to shareholders is expected to be paid in April 2014 for the half yearly period ending 31 December 2013.

For FY14, SeaLink intends to pay a fully franked dividend providing a dividend yield of 6.5% based on the issue price of \$1.10 per share based on a payout ratio of 65% of pro forma NPAT and 72.3% of forecast reported NPAT.

7.8 How to Apply for New Shares

To participate in the Offer, the relevant Application Form attached to this Prospectus must be completed in accordance with the instructions on that form. Applications must be for a minimum of 2,000 New Shares (\$2,200). Applicants applying for additional shares must apply for Shares in multiples of 100 shares (representing a further investment of \$110). No brokerage, stamp duty or other costs are payable by Applicants.

7.9 Payment for New Shares and Lodgement of Application Forms

Payments by Cheque

Application Forms must be accompanied by a cheque in Australian dollars for the full Subscription Amount, being \$1.10 per New Share. Cheques must be made payable to 'SeaLink Travel Group Limited – Application Account' and should be crossed '**Not Negotiable**'. All Subscription Amounts will be paid into a trust account.

Completed Application Forms and cheque must be received by the Share Registrar before 5.00 pm ACST on the Closing Date at the following address:

Boardroom Pty Limited

GPO Box 3993,
Sydney NSW 2001

or

Level 7
207 Kent Street
Sydney NSW 2000
Australia

7.10 Acceptance of Application Forms

Application Forms and accompanying cheques need not be accepted by the Share Registrar at any other address. Payments by cheque will be deemed to be made by an Applicant when the cheque is honoured by the bank on which it is drawn.

The Company reserves the right to extend the Closing Date or close the Offer early, in each case without notice and without liability to any person. Applicants are therefore urged to lodge their relevant Application Forms as soon as possible.

Acceptance of an Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares for which the relevant Application Form is accepted. The Application Form does not need to be signed to be valid.

If the Application Form is not completed correctly, if the wrong Application Form is completed, or if the accompanying payment is for the wrong amount, it may still be treated by the Company as valid. The Directors' decision as to whether to treat that Application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more New Shares than is indicated by the amount of the cheque or direct credit payment for the Subscription Amount.

7.11 Allocation and Allotment of New Shares

The Company, in conjunction with the JLM's, reserves the right to reject any Application or to allot a lesser number of New Shares than that applied for. If the number of New Shares allocated is less than that applied for, the surplus Subscription Amount will be promptly refunded without interest.

Final allocations will remain subject to the absolute discretion of the Company in conjunction with the JLM's.

The allotment of New Shares will occur as soon as practicable after the Offer has closed. All New Shares issued pursuant to the Offer will rank equally in all respects with the Existing Shares of the Company.

Statements of shareholding will be despatched as required by the ASX. It is the responsibility of Applicants to verify their allocation prior to trading the New Shares. Applicants who sell New Shares before they receive their statement of shareholding will do so at their own risk.

7.12 Subscription Amounts to be Held on Trust

The Subscription Amounts for New Shares to be issued pursuant to the Offer will be held in a separate bank account(s) on behalf of the Applicants until the New Shares are allotted. Any interest earned on Subscription amounts pending allocation or payment of any refund will be an asset of the Company.

7.13 ASX Listing

The Company will apply to the ASX no later than seven days after the date of this Prospectus for the Company to be admitted to the Official List and for the ASX to grant Official Quotation to:

- the New Shares to be issued under this Prospectus pursuant to the Offer; and
- the Existing Shares;

(other than those that are determined by the ASX as restricted securities in accordance with ASX Listing Rules).

If ASX approval is not granted within three months of the date of this Prospectus, the Offer will be cancelled, none of the New Shares will be issued, and all Subscription Amounts will be refunded in full without interest.

Neither the ASX nor ASIC take responsibility for the content of this Prospectus. The fact that the ASX may admit the Company to the Official List and grant official quotation to Existing Shares and New Shares is not to be taken in any way as an indication by the ASX as to the merits of the Company or the Existing Shares or the New Shares.

7.14 Restricted Securities

If ASX classifies any of the Existing Shares as being subject to the restricted securities provisions of the ASX Listing Rules, those Shares will be required to be held in escrow for a period determined by the ASX.

In addition, all directors of the Company holding shares either directly or through related entities have agreed with the Company to a voluntary restriction from dealing with 100% of their Shares for a period of nine months from admission to the Official List of the ASX. The Shares subject to these voluntary escrow arrangements will represent approximately 35.1% of the issued Shares following completion of the Offer, assuming no additional shares are acquired under the Offer by the Directors of the Company.

7.15 Chess and Issuer Sponsorship

Upon the Company being admitted to the Official List, it will be admitted to participate in CHESS in accordance with ASX Listing Rules and the ASX Settlement Operating Rules. On admission to CHESS, the Company will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be sent to Shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for Shareholders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registrar (for shareholders who elect to hold their shares on the issuer sponsored sub-register). The statements will set out the number of Existing Shares (where applicable) and the number of New Shares allotted under the Prospectus and provide details of a Shareholder's Holder Identification Number (for shareholders who elect to hold shares on the CHESS sub-register) or Shareholder Reference Number (for Shareholders who elect to hold their shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each Shareholder at the end of each month in which there is a transaction on their holding, as required by the Listing Rules.

7.16 Overseas Shareholders

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit a public offering of New Shares in any jurisdiction outside Australia. Residents of other jurisdictions wishing to subscribe for New Shares should consider doing so using Australian domiciled

entities, including nominee companies affiliated with Australian broking firms. It is the responsibility of investors resident outside Australia to obtain all necessary approvals for the issue to them of New Shares offered pursuant to this Prospectus.

7.17 Withdrawal

The Company reserves the right to withdraw the Offer at any time before the allotment of New Shares. If the Offer does not proceed, all Subscription Amounts will be refunded. No interest will be paid on any Subscription Amounts refunded as a result of the withdrawal of the Offer.

7.18 Taxation

The Australian taxation consequences of any investment in New Shares will depend upon the investor's particular circumstances. It is the obligation of investors to make their own enquiries concerning the taxation consequences of an investment in the Company. The Company and its advisors do not accept any responsibility or liability for any taxation consequences to investors in respect of the issue of New Shares under this Prospectus. If you are in doubt as to the course of action you should take, you should consult your professional advisors.

7.19 Enquiries

This document is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Questions relating to the completion of the relevant Application Form can be directed to the Share Registrar, on 1300 737 760 (within Australia) or +612 9290 9600

Questions may be directed to the offices of either of the Joint Lead Managers, as outlined below:

Taylor Collison Limited

Level 16, 211 Victoria Square
Adelaide SA 5000
+61 8 8217 3900

Ord Minnett Limited

Level 8, NAB House, 255 George Street
Sydney NSW 2000
+612 8216 6300

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K.I. ADVENTURE TOURS, HARRIET RIVER, K.I.

8. Investigating Accountant's Report



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The Board of Directors
Sealink Travel Group Limited
440 King William Street
Adelaide SA 5000

3 September 2013

PART 1 – INVESTIGATING ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION, PRO FORMA FINANCIAL INFORMATION AND FORECAST FINANCIAL INFORMATION

Dear Directors

1. Introduction

We have prepared this Investigating Accountants Report (the "Report") on the historical, pro forma and forecast financial information of Sealink Travel Group Limited ("Sealink") for inclusion in the Prospectus ("Prospectus") to be dated on or about 6 September 2013, and to be issued by Sealink, in respect of the listing of Sealink Travel Group Limited on the Australian Securities Exchange ("ASX") (the "Proposed Offer" or "Offer").

Expressions defined in the Prospectus have the same meaning in this Report.

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services") holds an Australian Financial Services Licence (AFS Licence Number 240585). Gary Nicholson is a Director and Representative of Ernst & Young Transaction Advisory Services. We have included our Financial Services Guide as Part 2 of this Report.

2. Scope

Ernst & Young Transaction Advisory Services has been requested to prepare this Report to cover the following financial information:

Historical Financial Information

The historical financial information, as set out in Section 4.1 and set out in tables 4.2.1, 4.2.3 and 4.2.4 of the Prospectus comprises the historical income statements and historical cash flows of Sealink for the years ended 30 June 2011, 30 June 2012 and 30 June 2013 and the historical balance sheet as at 30 June 2013.

(Hereafter the "Historical Financial Information").

The Historical Financial Information for the years ended 30 June 2011, 30 June 2012 and 30 June 2013 has been extracted from the audited statutory financial statements, which were audited by Ernst & Young and on which unqualified audit opinions were issued.

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Australian Financial Services Licence No. 240585



Pro Forma Financial Information

The pro forma financial Information as set out in Section 4.1 of the Prospectus comprises the pro forma balance sheet as at 30 June 2013 which assumes pro forma adjustments such as the capital raising and the payments of offer costs.

(Hereafter the "Pro Forma Financial Information").

The Pro Forma Financial Information assumes completion of the proposed pro forma adjustments outlined in Section 4.2.3 of the Prospectus.

Forecast Financial Information

The forecast financial Information as set out in Section 4.1 and set out in tables 4.2.1 and 4.2.4 of the Prospectus comprises:

- a. The forecast income statement of Sealink for the year ending 30 June 2014; and
- b. The forecast statement of cash flow of Sealink for the year ending 30 June 2014.

(Hereafter the "Forecast Financial Information").

(Collectively, the "Financial Information").

The Forecast Financial Information is based on the assumptions outlined in Section 4.3.3 (b) and 4.3.3 (c) of the Prospectus.

The Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports.

3. Directors' Responsibility for the Financial Information

The directors of Sealink have prepared and are responsible for the preparation and presentation of the Financial Information. The directors are also responsible for the determination of the best-estimate assumptions and pro forma adjustments as set out in Section 4.3.3 (b) and 4.3.3 (c) and Section 4.2.3 of the Prospectus respectively.

4. Our Responsibility

Historical and Pro Forma Financial Information

Our responsibility is to express a conclusion on the Historical and Pro Forma Financial Information based on our review.

We have conducted an independent review of the Historical and Pro Forma Financial Information in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that:

- a. The Historical Financial Information does not present fairly:



- ▶ the historical income statements and historical cash flows of Sealink for the years ended 30 June 2011, 30 June 2012 and 30 June 2013; and
- ▶ the Historical balance sheet as at 30 June 2013

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of Australian Accounting Standards;

- b. The Pro Forma assumptions do not provide a reasonable basis for the Pro Forma Financial Information;
- c. The Pro Forma Financial Information has not been prepared on the basis of the assumptions set out in Section 4.2.3 of the Prospectus; and
- d. The Pro Forma Financial Information does not present fairly the pro forma balance sheet as at 30 June 2013

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of Australian Accounting Standards as if the pro-forma transactions set out in Section 4.2.3 of the Prospectus had occurred at 30 June 2013.

Our independent review of the Financial Information has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. Our procedures consist of reading of relevant board minutes, reading of relevant contracts and other legal documents, inquiries of management personnel and the directors of Sealink, and analytical and other procedures applied to Sealink's accounting records. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Financial Information.

Forecast Financial Information

Our responsibility is to express a conclusion on the Forecast Financial Information based on our review.

We have conducted an independent review of the Forecast Financial Information in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that:

- a. The directors' best-estimate assumptions do not provide a reasonable basis for the preparation of the Forecast Financial Information;
- b. The Forecast Financial Information was not prepared on the basis of the best-estimate assumptions; and
- c. The Forecast Financial Information does not present fairly:
 - ▶ The forecast income statement of Sealink for the year ending 30 June 2014; and
 - ▶ The forecast statement of cash flow of Sealink for the year ending 30 June 2014

in accordance with the recognition and measurement requirements (but not all of the presentation and disclosure requirements) of Australian Accounting Standards as if the best-estimate assumptions set out in Section 4.3.3 (b) and Section 4.3.3 (c) of the Prospectus had occurred.



The Forecast Financial Information has been prepared by the directors to provide investors with a guide to Sealink's potential future financial performance based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of the Forecast Financial Information. Actual results may vary materially from this Forecast Financial Information and the variation may be materially positive or negative. Accordingly, investors should have regard to the Risk Factors set out in Sections 5 of the Prospectus and Sensitivity Analysis set out in Sections 4.5 of the Prospectus.

Our independent review of the Forecast Financial Information has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. Our procedures consist of reading of relevant board minutes, reading of relevant contracts and other legal documents, inquiries of management personnel and the directors of Sealink, and analytical and other procedures applied to Sealink's accounting records. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Forecast Financial Information.

5. Conclusion

Review conclusion on Historical and Pro Forma Financial Information

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that:

- a. The Historical Financial Information does not present fairly:
 - ▶ the historical income statements and historical cash flows of Sealink for the years ended 30 June 2011, 30 June 2012 and 30 June 2013; and
 - ▶ the historical balance sheet as at 30 June 2013

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of Australian Accounting Standards;
- b. The Pro Forma assumptions do not provide a reasonable basis for the Pro Forma Financial Information;
- c. The Pro Forma Financial Information has not been prepared on the basis of the assumptions set out in Section 4.2.3 of the Prospectus; and
- d. The Pro Forma Financial Information does not present fairly the pro forma balance sheet as at 30 June 2013 in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of Australian Accounting Standards as if the pro-forma transactions set out in Section 4.2.3 of the Prospectus had occurred at 30 June 2013.



Review conclusion on Forecast Financial Information

Based on our review of the Forecast Financial Information, which is not an audit, and based on an investigation of the reasonableness of the directors' best-estimate assumptions giving rise to the prospective financial information, nothing has come to our attention which causes us to believe that:

- ▶ the directors' best-estimate assumptions do not provide a reasonable basis for the preparation of the Forecast Financial Information;
- ▶ the Forecast Financial Information was not prepared on the basis of the best-estimate assumptions; and
- ▶ the Forecast Financial Information does not present fairly:
 - ▶ the forecast income statement of Sealink for the year ending 30 June 2014; and
 - ▶ the forecast statement of cash flow of Sealink for the year ending 30 June 2014

in accordance with the recognition and measurement requirements (but not all of the presentation and disclosure requirements) of Australian Accounting Standards as if the best-estimate assumptions set out in Section 4.3.3 (b) and Section 4.3.3 (c) of the Prospectus had occurred.

The best-estimate assumptions, set out in Section 4.3.3 (b) and Section 4.3.3 (c) of the Prospectus, are subject to significant uncertainties and contingencies often outside the control of Sealink and the directors. If events do not occur as assumed, actual results achieved and distributions provided by Sealink may vary significantly from the Forecast Financial Information. Accordingly, we do not confirm or guarantee the achievement of the Forecast Financial Information, as future events, by their very nature, are not capable of independent substantiation.

We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which this Report relates for any purposes other than the purpose for which it was prepared. This Report should be read in conjunction with the Prospectus.

6. Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Ernst & Young provides audit and other advisory services to Sealink, and Ernst & Young Advisory Services will receive a professional fee for the preparation of this Report.

Yours faithfully
Ernst & Young Transaction Advisory Services Limited

Gary Nicholson
Director and Representative



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3 September 2013

THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INVESTIGATING ACCOUNTANT'S REPORT

PART 2 – FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited (“Ernst & Young Transaction Advisory Services” or “we,” or “us” or “our”) has been engaged to provide general financial product advice in the form of an Investigating Accountant’s Report (“Report”) in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

2. Financial Services Guide

This Financial Services Guide (“FSG”) provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.



5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is \$15,000 (inclusive of GST).

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits referred to above, Ernst & Young Transaction Advisory Services, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited.

9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001.

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Contacting Ernst & Young Transaction Advisory Services</p> <p>AFS Compliance Manager Ernst & Young 680 George Street Sydney NSW 2000</p> <p>Telephone: (02) 9248 5555</p> | <p>Contacting the Independent Dispute Resolution Scheme:</p> <p>Financial Ombudsman Service Limited PO Box 3 Melbourne VIC 3001 Telephone: 1300 78 08 08</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

This Financial Services Guide has been issued in accordance with ASIC Class Order CO 04/1572.

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SEAL BAY, KANGAROO ISLAND

9. Additional Information

9.1 Company Background

SeaLink Travel Group Limited was incorporated in the State of Victoria on 13 May 2004 as TravelLink Limited. The Company's name was changed to SeaLink Travel Group Limited on 2 September 2008.

The Company is the parent company for the Subsidiaries. All of the Subsidiaries are wholly owned by the Company.

9.2 Rights and liabilities attaching to New Shares

Full details of the rights and liabilities attaching to Shares are detailed in the Constitution, a copy of which can be inspected free of charge at the Company's registered office during normal business hours. The New Shares issued under the Offer will be fully paid Shares and will rank equally in all respects with the Company's fully paid Shares that are currently on issue.

In certain circumstances, these rights and liabilities are regulated by the Corporations Act and ASX Listing Rules. A summary of the more significant rights and liabilities attaching to the Shares are as follows. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, investors should seek their own independent legal advice.

(a) Voting

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting of members, every member present in person or by proxy, attorney or body corporate representative has one vote on a show of hands, and one vote per Share on a poll. In the case of a vote on a poll, persons who hold a Share which is not fully paid shall be entitled to a fraction of a vote equal to the proportion of a vote that the amount paid on the relevant Share bears to the total issue price of the Share.

(b) Dividends

The Directors may from time to time resolve to pay dividends to Shareholders and fix the amount, the timing and method of payment of that dividend in accordance with the Corporations Act.

(c) Future Issues

Subject to the Company's Constitution, the Corporations Act and ASX Listing Rules, Directors may, on behalf of the Company, issue, grant options over, or otherwise dispose of Shares on terms determined by the Directors. The Directors may issue Shares in the Company with any preferential, deferred or special rights, privileges or conditions, or with any restrictions (whether in regard to

dividend, voting, return of share capital or otherwise) as they determine.

(d) Transfer of Shares

A shareholder may transfer Shares by any method permitted by the Corporations Act, the Listing Rules or the ASX Settlement Rules or by an instrument in writing in any usual form, or in any form approved by the Directors.

The Directors may refuse to register any transfer of shares only if that refusal would not contravene the Listing Rules or the ASX Settlement Operating Rules. The Directors must not register a transfer if the Corporations Act, Listing Rules or ASX Settlement Operating Rules forbid registration. The Company must not refuse to register, give effect to, delay or in any way interfere with a proper ASX Settlement transfer of other securities.

(e) Meetings and Notices

Each Shareholder is entitled to receive notice of, and to attend, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, Corporations Act or ASX Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act and the Constitution.

(f) Winding Up

Subject to the Constitution and the rights and liabilities attaching to Shares, shareholders will be entitled in a winding up to any surplus assets of the Company in proportion to the number of Shares held by them, less any amounts which remain unpaid on the Shares at the time of distribution. However, if this deduction results in the distribution to the shareholder being a negative amount, the shareholder must contribute that amount to the Company.

If the Company is wound up the liquidator may, with the sanction of a special resolution of the shareholders:

- divide among the shareholders the whole or any part of the assets of the Company; and
- determine how the division is to be carried out as between the shareholders or different classes of shareholders, with the approval of separate general meetings of the members of each of the several classes (if applicable).

Any such division may not be otherwise than in accordance with the legal rights of the shareholders and, in particular, any class may be given preferential or special rights or excluded altogether or in part. Where a division is otherwise than in accordance with the legal rights of the shareholders, a shareholder is entitled to dissent and to exercise the same rights as if the special resolution sanctioning that division were a special resolution passed under Section 507 of the Corporations Act.

(g) Shareholder Liability

As the New Shares to be issued pursuant to this Prospectus, and Shares to be issued following the exercise of Options, are all fully paid Shares, they are not subject to any calls for money and will therefore not become liable for forfeiture.

(h) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least 75% of the votes cast by members entitled to vote on the resolution. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(i) ASX Listing Rules

If the Company is admitted to the Official List of the ASX, then despite anything in the Constitution, if the ASX Listing Rules prohibit an act being done, that act must not be done. Nothing in the Constitution prevents an act being done that the ASX Listing Rules requires to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the ASX Listing Rules require the Constitution to contain a provision or not to contain a provision, the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If any provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

9.3 Terms and Conditions of the Director Options

Set out below are the terms and conditions of the Director Options:

1. Each Option entitles the option holder to subscribe for one fully paid ordinary share in the capital of the Company.
2. No amount is payable on issue of the Options.
3. The exercise price of each Option is referred to in the table below (**Exercise Price**).
4. Each Option may be exercised at any time after the Option Exercise Commencement Date set out in the table below and on or prior to the Option Exercise Expiry Date set out in the table below.

| Type of Director Options | Option Exercise Commencement Date | Option Exercise Expiry Date | Exercise Price |
|--------------------------|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|----------------|
| A Class Options | 21/10/09 | 21/10/14 | \$1.20 |
| B Class Options | 21/10/10 | 21/10/14 | \$1.40 |
| C Class Options | 24 months from the date the Company is admitted to quotation on the Official List of ASX | 5 years from the date the Company is admitted to quotation on the Official List of ASX | \$1.40 |

5. An option holder is not entitled to participate in any new issue to Existing Shareholders in the Company unless the option holder has exercised the option holder's Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.
6. If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the option holder would have received if the option holder had exercised the Option before the record date for determining entitlements to the issue, in accordance with the ASX Listing Rules.
7. If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the exercise price of each Option is reduced in accordance with the ASX Listing Rules.
8. If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the option holder (including the number of options to which each option holder is entitled and the exercise price) is changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
9. Subject to the Company's Constitution, all Shares issued on the exercise of Options rank in all respects (including rights relating to dividends) equally with the existing ordinary Shares of the Company at the date of issue.

10. The Company will apply to ASX Limited for official quotation of the Shares issued on exercise of the Options.
11. The Options will be fully transferable in accordance with the Constitution of the Company and, for such time as the Company is listed, the Listing Rules and operating rules of the ASX will apply.

9.4 Employee Share Option Plan

The Company has established an Employee Share Option Plan (**Plan**) to assist in the attraction, retention and motivation of employees and management of the Company. A summary of the key terms of the Plan is set out below:

(a) Eligibility

The Board may issue Options under the Plan to any officer or employee of the Company and any Subsidiary (**Eligible Employee**).

(b) General Terms of the Options

No monetary consideration will be payable in respect of the issue of the Options. Each Option is to subscribe for one Share and, when issued, the Share will rank equally with other Shares. The Options are not transferable except on the occurrence of limited circumstances. Quotation of the Options on the ASX will not be sought but the Company will apply to the ASX for official quotation of Shares issued on the exercise of Options. Options may be granted subject to conditions specified by the Board, which must be satisfied, before the Option can be exercised.

(c) Exercise of Options

Subject to satisfaction of the conditions of exercise of Options, Options may generally be exercised at any time from the first anniversary to the fifth anniversary of the date of grant. The Board may allow an Eligible Employee to exercise an Option outside this period if a special circumstance (such as death or total and permanent disablement of the employee) arises.

Options lapse upon termination of the Eligible Employee's employment by the Company if the Board determines that the Eligible Employee is entitled to be dismissed without notice, the Eligible Employee has committed an act of fraud or gross misconduct or brought the Company or a subsidiary of the Company into disrepute and, unless the terms of the offer of the Option specify otherwise, each Option lapses 5 years after the date upon which it was granted.

(d) Exercise Price

The exercise price per Share for an Option will be the amount determined by the Board at the time of the grant of the Option.

(e) New Issue of Securities

Option holders will not be entitled to participate in any new issue of securities in the Company unless they exercise their Options prior to the record date for the determination of entitlements to the new issue.

(f) Pro rata issue

If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, the exercise price of each Option is reduced in accordance with the ASX Listing Rules.

(g) Bonus Issues

If the Company makes a bonus issue of securities to ordinary shareholders, each unexercised Option will, on exercise, entitle its holder to receive the bonus securities as if the Option had been exercised before the record date for the bonus issue.

(h) Rights Issues

If the Company makes a pro rata rights issue of Shares for cash to its ordinary shareholders, the exercise price of the unexercised Options will be adjusted to reflect the diluting effect of the issue.

(i) Capital Reorganisations

If there is any reorganisation of the capital of the Company, the number of Options and their exercise price will be adjusted in accordance with the Listings Rules.

(j) Limit on Number of Options

The maximum number of Options on issue under the Plan must not at any time exceed 5% of the total number of Shares on issue at that time, assuming all outstanding Options (including Options subject to an offer under the Plan) were exercised.

9.5 Significant Shareholders

The Company has 116 Existing Shareholders as at 10 July 2013. The top 10 Existing Shareholders by number of Shares held are set out below.

| Rank | Shareholder | Number of shares held | Percentage of issued shares before Offer | Percentage of issued shares after Offer |
|------|-----------------------------|-----------------------|------------------------------------------|-----------------------------------------|
| 1 | Prescott No 22 Pty Ltd* | 6,250,000 | 11.36% | 8.93% |
| 2 | Simon Ross Pty Ltd | 5,025,000 | 9.14% | 7.18% |
| 3 | Sunrop Pty Ltd** | 4,392,175 | 7.99% | 6.27% |
| 4 | Hebden Pty Ltd**** | 3,767,769 | 6.85% | 5.38% |
| 5 | Aristos Nominees Pty Ltd | 3,557,692 | 6.47% | 5.08% |
| 6 | Flavon Nominees Pty Ltd*** | 3,500,000 | 6.36% | 5.00% |
| 7 | Equilink Pty Ltd***** | 3,173,077 | 5.77% | 4.53% |
| 8 | Belahville Pty Ltd | 2,625,000 | 4.77% | 3.75% |
| 9 | Lashmar Nominees Pty Ltd | 2,500,000 | 4.55% | 3.57% |
| 10 | Apremont Pty Ltd | 1,923,077 | 3.50% | 2.75% |
| | Total | 36,713,790 | 66.75% | 52.45% |
| | Other Existing Shareholders | 18,286,210 | 33.25% | 26.12% |

The numbers set out in this table assume Full Subscription is achieved and no additional Shares are acquired under the Offer by the top 10 Existing Shareholders.

* Shares are held by Prescott No.22 Pty Ltd as trustee for Prescott No 22 Trust of which Mr Smerdon is a beneficiary.

** Mr Terry Dodd is a director of Sunrop Pty Ltd.

*** Shares are held by Flavon Nominees Pty Ltd as trustee for The Dacro Account. Mr Giuliano Ursini is a director and shareholder of Flavon Nominees Pty Ltd and a beneficiary of The Dacro Account. Flavon Nominees Pty Ltd as trustee for the Ursini Associates Architects Pty Ltd Super Fund Account also holds 1,500,000 Shares. Mr Giuliano Ursini is a director and shareholder of Flavon Nominees Pty Ltd and a beneficiary of the Ursini Associates Architects Pty Ltd Super Fund Account.

**** Shares are held by Hebden Pty Ltd as trustee for the J R Ellison Family Trust. Mr Jeffrey Ellison is a director and shareholder of Hebden Pty Ltd and a beneficiary of the J R Ellison Family Trust.

***** Shares are held by Equilink Pty Ltd as trustee for the F A Mann Family Trust. Mr Frederick Mann is a director and shareholder of Equilink Pty Ltd and a beneficiary of the F A Mann Family Trust.

9.6 Material Agreements

9.6.1 Introduction

The Directors consider that certain agreements are material to SeaLink or are of such a nature that an investor may wish to have particulars of them when making an assessment of whether to apply for New Shares (**Material Agreements**).

The provisions of the Material Agreements are summarised below. As this Section only contains a summary, the provisions of each agreement are not fully described. To understand fully all rights and obligations pertaining to the Material Agreements, it would be necessary to read them in full.

The total rental, licence fees or access charges payable under the access and service agreements (referred to in Section 9.6.2) and port facility agreements (referred to in Section 9.6.3) are as follows:

- Cape Jarvis and Kangaroo Island Agreements – \$938,436;
- Sydney Harbor Agreements – \$1,366,199; and
- Queensland Agreements – \$688,543.

Some of the services attract a range of government subsidies calculated in a variety of ways.

9.6.2 Access and Service Agreements

SeaLink has entered into a number of agreements with various Government Agencies, enabling it to access port facilities and conduct ferry operations. In some cases, the agreements provide for payment of subsidies and regulate the terms upon which the services are to be provided (including the passenger and freight fees that may be charged for services). These agreements are considered to be material and relevant particulars are contained below.

(a) South Australian agreements

Licence for occupation of port facilities at Cape Jervis and Penneshaw (Port Licence Agreement)

Parties

SA Minister for Transport and Infrastructure; and
KIS.

Date

The initial Port Licence Agreement is dated 24 April 1995 and was subsequently amended by deeds dated 17 September 1997, 10 September 2010 and 26 February 2013.

Term

Commencing on 1 July 1990 and expiring on 30 June 2024.

Renewal rights

Nil

Key provisions

Under the Port Licence Agreement, the Minister grants KIS a licence to:

- use:
 - > the mooring basins, licensed jetty areas at Cape Jervis and Penneshaw;
 - > licensed sea bed and licensed land at Cape Jervis;
- maintain and use the loading ramp and fixtures at Cape Jervis;
- maintain and use the existing shelters at Cape Jervis & Penneshaw; and
- install, repair, maintain, replace and operate KIS's waste disposal pipeline on the licensed land at Cape Jervis subject to certain conditions including allowing third party access to the pipeline.

Preferential Mooring Rights

A SeaLink vessel being used to operate a SeaLink Scheduled Service has immediate and uninterrupted rights to use the mooring basins in preference to other vessels (**Preferential Mooring Rights**).

The Minister may allow other vessels to moor in a mooring basin provided they do not interrupt the Preferential Mooring Rights.

Exclusive Rights land/jetty & sea bed

With respect to each SeaLink Scheduled Service, KIS has the exclusive right to use the licensed land (at Cape Jervis), licensed jetty areas and licensed sea beds at Cape Jervis and Penneshaw for 1 hour following the arrival of each service and for 1 hour before the departure of each service.

Third Party Access

The Minister may grant a third party the exclusive right to use the licensed land (at Cape Jervis), licensed jetty areas and licensed sea beds at Cape Jervis and Penneshaw to operate a service approved by the Minister provided:

- exclusive period is limited to 1 hour before and after the approved service;
- rights don't interfere with KIS's rights; and
- KIS is given 30 days' notice (except for emergencies).

Permitted Use

KIS must only use the licensed areas for purposes directly related to ferrying passengers, vehicles and freight between Cape Jervis and Penneshaw.

Outline of fees/price

KIS is to pay to the Minister charges for:

- use of port facilities and services provided by the Minister; and
- entry of vessels into waters under the Minister's control and management,

as determined by the Minister from time to time under the Harbors and Navigation Act 1933 (SA).

Termination rights

The Minister may terminate the agreement:

- immediately if KIS suffers an insolvency event;
- if KIS fails to remedy a breach within 30 days of receiving notice of the breach or fails to remedy a breach under the service agreement within 30 days of notice (mutual right); or
- if the Service Agreement (referred to below) is terminated (mutual right).

Transport Service Agreement for Freight between Cape Jervis and Kangaroo Island (Service Agreement)

Parties

SA Minister for Transport and Infrastructure; and KIS.

Term

Commencing on 1 April 1995 and continues until expiry of the Port Licence Agreement.

Date

The initial Service Agreement is dated 31 March 1995 and subsequently amended by deeds dated 17 September 1997, 10 September 2010 and 26 February 2013.

Renewal rights

No right of renewal

Key provisions

KIS must continue to provide a transport service for freight (including dangerous goods) on a non-exclusive basis and subject to the availability of a competitive service.

In the event of a failure by KIS to comply with this agreement, the Minister may use the relevant SeaLink vessel for the services for up to 3 months.

Outline of fees/price

KIS's prices for the transport of freight by a roll-on roll-off vessel are subject to price control pursuant to any determination under the Prices Act (SA) and in any event must not increase by a rate any greater than the rate of CPI increases.

Termination rights

The Minister may terminate the agreement:

- immediately if KIS suffers an insolvency event;
- if KIS fails to remedy a breach of a fundamental term within 7 days or breach of any other term within 30 days of receiving notice of the breach (mutual right); or
- if the Port Licence Agreement is terminated (mutual right).

(b) New South Wales Ferry Service Agreements

Ferry Service Agreement (between Hunter Hill Alexandra Street and Circular Quay) dated 1 March 2010

Parties

Director General of NSW Transport and Infrastructure (**Director General**) and Matilda Cruises Pty Ltd.

The agreement was subsequently assigned to CCC by deed dated 25 November 2011 when SeaLink acquired the CCC business.

Term

Commencing on 1 March 2010 and expiring on 1 March 2014.

Extension/renewal rights

One further 12 month right of renewal.

Key provisions

CCC agrees to provide regular ferry based public passenger services between Hunter Hill Alexandra Street to Circular Quay (including school services).

Exclusivity

CCC has the exclusive right to provide services on the designated route.

Performance requirements

Minimum times for provision of the scheduled services are stipulated in the agreement. The Director General may vary these throughout the term if considered necessary for compliance by the Director General with the Passenger Transport Act 1990 (NSW).

CCC must ensure that all scheduled journeys arrive on time and that 95% operate no more than 5 minutes late except where reliant on connecting services.

Outline of fees/price

Fares and concession fares charged by CCC must not exceed those stipulated in the agreement.

The Director General may amend these caps due to inflationary movements and/or variations in the cost of providing the services.

The Director General may also require fare concessions to the extent it is determined that they apply to the private ferry industry generally.

Termination rights

Director General has the right to terminate:

- if CCC is in persistent breach of the agreement;
- if the Director General believes there is an instance which is so material that termination is in the public interest;
- if CCC fails to be 'fit and financially viable';
- if CCC fails to meet performance criteria within 28 days of notice of any deficiency; or
- if CCC suffers an insolvency event.

The Director General also has step in rights while a breach remains unremedied.

CCC may terminate without cause on 120 days written notice.

NSW Ferry Service Agreement (between Circular Quay and Darling Harbour)

Parties

Director General of NSW Transport and Infrastructure (**Director General**) and Matilda Cruises Pty Ltd.

The agreement was subsequently assigned to CCC by deed dated 25 November 2011 when SeaLink acquired the CCC business.

Date

19 January 2010.

Term

Commencing on 19 November 2009 and expiring on 19 November 2014.

Renewal rights

No right of renewal.

Key provisions

CCC agrees to provide regular public passenger services.

Exclusivity

CCC has the exclusive right to provide services on the designated route.

Performance requirements

Minimum times for provision of the Services are set out in the agreement. The Director General may vary these throughout the term if considered necessary for compliance by the Director General with the Passenger Transport Act 1990 (NSW).

All scheduled journeys must operate other than in exceptional circumstances.

CCC must ensure that all scheduled journeys arrive on time and that 95% operate no more than 5 minutes late except where reliant on connecting services.

Outline of fees/price

Fares and concession fares charged by CCC must not exceed those in the agreement.

Director General may amend these caps due to inflationary movements and/or variations in the cost of providing the services.

Director General may also require fare concessions to the extent it is determined that they apply to the private ferry industry generally.

(c) Queensland ferry service agreements

Magnetic Island Ferry Service Agreement

Parties

Queensland Department of Transport (**QLD Department**) and Sunferries.

Sunferries subsequently transferred its rights and obligations under the agreement to SQL pursuant to a deed of transfer dated 16 March 2011 between Sunferries Pty Ltd, SQL and the QLD Department.

Date

23 February 2007.

Term

Commencing on 7 March 2007 and expires on 7 March 2014.

Renewal rights

No right of renewal.

Key provisions

Under the agreement, SQL has a non-exclusive right to operate a ferry-based scheduled passenger service between Townsville and Magnetic Island.

The QLD Department may grant to any other person the right to provide scheduled ferry passenger services between Townsville and Magnetic Island from time to time without any liability to compensate any person including SQL.

If the QLD Department enters into a service contract with a different operator in respect of provision of the same ferry service route, the QLD Department is required to ensure that the alternative service agreement is subject to the same qualifications, duties and obligations to those imposed on SQL under this agreement. The QLD Department is restricted from entering into a service agreement with a different operator in respect of provision of the same ferry service route unless the other operator can demonstrate that it has the financial, operational and vessel capacity to deliver the passenger ferry services, and meet the minimum service level requirements as if it were the only operator for the service.

SQL is restricted from introducing any changes to timetable and services without the prior written approval of the QLD Department. In addition, SQL must provide the public with an opportunity to comment on the effect of any proposed changes to timetable and services.

SQL is required to use reasonable endeavours to ensure the ferry services are co-ordinated with other connecting road based scheduled passenger services.

Fares

The initial fares that SQL may charge passengers are set out in the agreement. A change to the fares for ferry services may only be made with the prior written consent of the QLD Department.

SQL must follow prescribed procedures if it wishes to increase a fare. The QLD Department may approve a fare increase on a temporary or permanent basis if SQL can demonstrate that there has been significant increase in the cost of providing the ferry services.

SQL is required to provide concession fares to concession card holders and discount fares to students and children. SQL is entitled to be reimbursed from the QLD Department for revenue forgone for the provision of concession fare, but not discount fares.

Termination rights

The QLD Department may terminate the agreement if in its opinion any of the following circumstances apply:

- it would not be in the public interest to continue the agreement;
- SQL has failed to comply with any provisions of the agreement; or
- the QLD Department has reasonable apprehension that SQL may contravene a condition of the contract.

In addition, the QLD Department can also terminate the agreement if:

- an insolvency event occurs in respect of SQL;
- if SQL (and its crew) ceases to hold the necessary licences to operate the ferry services; or
- there is a change in ownership or control of SQL.

Palm Island Ferry Service Agreement**Parties**

Queensland Department of Transport (**QLD Department**) and Sunferries.

Sunferries subsequently transferred its rights and obligations under the agreement to SQL pursuant to a Deed of Transfer between Sunferries, SQL and the QLD Department dated 16 March 2011.

Date

12 December 2008

Term

Commencing on 1 January 2009 and expiring on 31 December 2013.

Renewal rights

SQL has one option to renew its agreement for a further 5 years and SQL has given notice of intention to renew the agreement.

Key provisions

Under the agreement, the QLD Department has granted SQL a non-exclusive right to operate ferry-based scheduled passenger services between Townsville and Palm Island.

Where SQL proposes to introduce any changes to the existing timetable or increase the level of services, it must:

- make a written request to the QLD Department seeking approval for the proposed change. The request to the QLD Department must be supported by evidence of appropriate consultation with parties affected by the proposed amendments and the outcome of such consultation; and
- provide the public with an opportunity to comment on the effect of any proposed changes to timetable and services.

In considering a proposed change request from SQL, the QLD Department will take into account the net benefit to the travelling public as a result of the proposed change.

SQL's performance is subject to both mid-term review as well as annual reviews.

Service fee and fares

The QLD Department is required to pay SQL a monthly payment based on the Agreed Cost per Return Trip (**ACPRT**) multiplied by the number of return trips completed for the month less any revenue (including fares and freight charges) derived from or incidental to the services. SQL must seek the QLD Department's approval if it wishes to increase the ACPRT. The QLD Department may consider a request to increase to the ACPRT as part of its annual review process.

SQL is required to charge passengers the fares set out in the agreement and fares for freight that do not exceed the maximum charge stipulated in the agreement for freight.

A change to the fares for ferry services or a change to the maximum amount that can be charged for accompanying freight may only be made with the prior written approval of the QLD Department.

SQL is required to provide concession fares and discount fares in accordance with the *Fares Policy for Ferry Services* issued from time to time by the QLD Department.

Termination rights

The QLD Department has the ability to terminate the agreement if:

- SQL failed to:
 - > provide the services safely and reasonably;
 - > comply with applicable laws; and/or
 - > maintain the minimum service levels set out in the agreement,

(Conditions);

- the QLD Department reasonably believes a contravention of any Condition is imminent;
- if an insolvency event occurs in respect of SQL; or
- if SQL's operator accreditation is suspended or cancelled.

In addition, the QLD Department has the ability to immediately amend, suspend or cancel the agreement if the QLD Department believes that SQL is unable to provide any or all of the services.

(d) Northern Territory Ferry Service

SeaLink NT has entered into two ferry service agreements with the Northern Territory of Australia providing for the operation of commercial ferry services between Cullen Bay and Mandorah for a period of 5 years (with renewal rights) and between Darwin and the Tiwi Islands for 12 months. The agreements provide for certain performance standards, regulate fares and charges, and entitle SeaLink NT to capped government subsidies. A summary of the material provisions of these agreements is set out below.

Cullen Bay and Mandorah Services Agreement dated 6 August 2013

Parties

The Northern Territory of Australia represented by the Department of Transport (**Territory**);

SeaLink NT; and

the Company.

Term

5 years commencing from 1 September 2013 and expiring on 31 August 2018.

Renewal rights

Within 3 months of the expiry date the Territory may (but is not obliged), by prior written approval of SeaLink NT, extend the agreement for a term notified by the Territory on the same terms except with respect to agreed subsidies from the Territory.

Key provisions

SeaLink NT will operate a commercial ferry service available to the public between Cullen Bay and Mandorah in the Northern Territory in accordance with a scheduled timetable.

SeaLink NT may vary the number and frequency of services provided the variation doesn't impact on the scheduled services and 14 days prior notice is given to the Territory.

A performance guarantee is provided by the Company.

The Territory may direct any reasonable variation to the number and frequency of ferry services or the fare structure/charges. If this occurs, SeaLink NT may request an adjustment to the subsidies from the Territory.

If SeaLink NT determines that any revised subsidy agreement is not sufficient to operate the services (as varied by the Territory), SeaLink NT may terminate the agreement by 30 days prior notice.

The Territory grants SeaLink NT a non-exclusive licence to occupy and use the Cullen Bay pontoon throughout the Term for carrying out the ferry services and overnight berthing of vessels.

To the extent that the Territory owns, controls or is in the possession of any other terminal or facility, it will permit SeaLink NT sufficient access and use to permit the operation of the services and berthing of the vessels.

Regular reviews of the service may be conducted by the Territory in accordance with the procedures set out in the agreement.

Outline of fares

School students and senior residents of Cox Peninsula are to travel for free.

Fares and charges imposed by SeaLink NT for the ferry services must not exceed the rates set out in schedule 4 to the agreement or otherwise determined from time to time under the agreement.

SeaLink NT may request a variation to these fares which the Territory may approve or not (in its discretion) within 30 days of the request.

The fares may be increased for CPI on an annual basis and by notice to the Territory.

Termination rights

The Territory has the right to immediately terminate or suspend the agreement by written notice to SeaLink NT if as a result of any change in the Northern Territory or Commonwealth government policy, the subsidies required to be provided by the Territory to SeaLink NT under the agreement are to be ceased or reduced. If the Territory exercise this right and terminates the agreement, the Territory must pay SeaLink NT the lesser of:

- 6 monthly instalments of funding; or
- the number of monthly instalments remaining in the term.

In addition, the Territory also has the ability to immediately terminate or suspend the agreement by written notice to SeaLink NT on the occurrence of certain events including where:

- SeaLink NT breaches any provision of the agreement and such breach is not remedied within a reasonable period;
- SeaLink NT suffers an insolvency event;
- SeaLink NT has been provided with notice that it is, in the reasonable opinion of the Territory, guilty of any misconduct, misbehaviour, incompetence, carelessness or gross negligence in the performance of the agreement;
- SeaLink NT is convicted of any criminal offence (other than an offence which in the reasonable opinion of the territory does not affect the agreement); or
- SeaLink NT is, in the reasonable opinion of the Territory, unable or unwilling to provide the services in a manner satisfactory to the Territory.

The Territory may give notice to SeaLink NT to show cause why the agreement should not be suspended or terminated in certain circumstances.

On expiry or early termination of the agreement, unless the Territory agrees otherwise in writing, SeaLink NT is required to return to the Territory any part of the subsidy received which has not been expended or legally committed to be expended.

Tiwi Ferry Services Agreement dated 21 August 2013

Parties

The Northern Territory of Australia Represented by the Department of Transport (**Territory**); and

SeaLink NT.

Term

12 months commencing on 19 September 2013.

Renewal rights

The Territory may extend the term of the agreement for up to 3 months.

Key provisions

During the term, SeaLink NT must operate a commercial ferry service between Darwin and Wurrumiyanga (part of the Tiwi Islands) in the Northern Territory in accordance with a scheduled timetable.

SeaLink NT may vary the number and frequency of services provided the variation doesn't impact on the scheduled services and 14 days prior notice is given to the Territory.

The Territory may direct any reasonable variation to the number and frequency of ferry services or the fare structure/charges. If this occurs, SeaLink may request a variation to the subsidy received.

If SeaLink NT determines that any revised subsidy arrangement is not sufficient to operate the services (as varied by the Territory), SeaLink NT may terminate the agreement by 30 days prior notice.

The Territory grants SeaLink NT a non-exclusive licence to occupy and use the Cullen Bay pontoon throughout the term for carrying out the ferry services and overnight berthing of vessels.

To the extent that the Territory owns, controls or is in the possession of any other terminal or facility, it will permit SeaLink NT sufficient access and use to permit the operation of the services and berthing of the vessels.

Regular reviews of the service may be conducted by the Territory in accordance with the procedures set out in the agreement.

Outline of fares

Fares and charges imposed by SeaLink NT for the ferry services must not exceed the rates set out in the agreement or otherwise determined from time to time under the agreement.

SeaLink NT may request a variation to these fares which the Territory may approve or not (in its discretion) within 30 days of the request.

The fares may be increased for CPI on an annual basis and by notice to the Territory.

Termination rights

The Territory has the right to immediately terminate or suspend the agreement by written notice to SeaLink NT if as a result of any change in the Northern Territory or Commonwealth government policy, the subsidies required to be provided by the Territory to SeaLink NT under the agreement are to be ceased or reduced. If the Territory exercise this right and terminates the agreement, the Territory must pay SeaLink NT the lesser of:

- 6 monthly instalments of funding; or
- the number of monthly instalments remaining in the term.

In addition, the Territory also has the ability to immediately terminate or suspend the agreement by written notice to SeaLink NT on the occurrence of certain events including where:

- SeaLink NT breaches any provision of the agreement and fails to remedy the breach within a reasonable period;
- SeaLink NT suffers an insolvency event;
- SeaLink NT has been provided with notice that it is, in the reasonable opinion of the Territory, guilty of any misconduct, misbehaviour, incompetence, carelessness or gross negligence in the performance of the agreement.

- SeaLink NT is convicted of any criminal offence (other than an offence which in the reasonable opinion of the Territory does not affect the agreement); or
- SeaLink NT is, in the reasonable opinion of the Territory, unable or unwilling to provide the services in a manner satisfactory to the Territory.

On expiry or early termination of the agreement, unless the Territory agrees otherwise in writing, SeaLink NT is required to return to the Territory any part of the subsidy received which has not been expended or legally committed to be expended.

9.6.3 Port Facility Agreements

SeaLink has entered into various agreements providing for access to port facilities in its key markets for maritime transportation services. These agreements have different expiry dates, permitted uses, rights of termination and renewal rights ranging from none to substantial periods. The rental, licence fee or access charge varies from agreement to agreement however in each case it is a commercial rent or fee negotiated at arm's length.

A summary of these port facility agreements considered to be material are set out below.

Cape Jarvis and Kangaroo Island

Lease of Cape Jervis Terminal, Cape Jervis

Premises

Portion of the land comprised in Certificate of Title Volume 5502 Folio 83 and delineated as 'Terminal L' and 'Area M' in Filed Plan FX54381

Lessor

Minister for Transport and Infrastructure

Lessee

Kangaroo Island SeaLink Pty Ltd

Date

10 September 2010

Term

Commencing on 1 April 2006 and expiring on 30 June 2024

Renewal

No rights of renewal

Permitted use

Providing all ancillary support for and in respect of a ferry service to the public between the Kangaroo Island ports of Penneshaw and Cape Jervis.

Lease of Penneshaw Terminal, Penneshaw, Kangaroo Island

Premises

Portion of the land comprised in Certificates of Title Volume 6086 Folio 816 and Volume 5836 Folio 931 and delineated as 'A' in the plan attached to the Lease

Lessor

Minister for Transport and Infrastructure

Lessee

KIS

Date

26 February 2013

Term

Commencing on 1 March 2013 and expiring on 30 June 2024

Renewal

No rights of renewal

Permitted use

Construction, operating and maintaining a passenger terminal and providing all ancillary support for a ferry service to the public between the Kangaroo Island ports of Penneshaw and Cape Jervis as well as operating a visitor information centre, tour and operator desk and a one stop shop to promote and sell Kangaroo Island regional produce.

Lot 89 Licence Agreement

Licensed area

Lot 89, Penneshaw, Kangaroo Island

Licensor

Kangaroo Island Council

Licensee

KIS

Date

13 February 2007

Term

Commencing on 1 August 2004 and expiring on 31 July 2024

Renewal

No rights of renewal

Permitted use

Conducting KIS's business including using the licensed area in connection with that business (including passengers embarking or disembarking from the ferries) generally between 4am and 12 midnight and at such other times the Licensor agrees.

Sydney Harbour

Lease of Neutral Bay Marina, Kurraba Road, Neutral Bay NSW

Premises

Part of the land formerly in Volume 5018 Folio 1, known as Neutral Bay Marina located off Kurraba Road, Neutral Bay NSW

Lessor

Roads and Maritime Services (NSW)

Lessee

SeaLink Marina Pty Ltd (Assigned pursuant to deed of assignment and consent dated 18 November 2011)

Date

19 July 2011

Term

Commencing on 1 September 2006 and expiring on 31 August 2031

Renewal

No rights of renewal

Permitted use

- Back of house charter vessel facility;
- Servicing and maintenance of private and commercial marine craft;
- Shipwright facility;
- Sale and service of petrol and diesel motors; and
- Commercial marina.

Lease of King Street Wharf, Folio Identifier 209 in deposited plan 1044674

Premises

The whole of the land comprised in Folio Identifier 209 on DP 1044974

Lessor

Roads and Maritime Services (NSW)

Lessee

CCC

(Assigned pursuant to deed of assignment and consent dated 18 November 2011)

Term

Commencing on 5 September 2011 and expiring on 31 October 2013

Renewal

No rights of renewal

Permitted use

Commercial kitchen and administrative office

W6.4, Wharf 6, Circular Quay, NSW

Premises

W6.4, Wharf 6, Circular Quay

Lessor

Roads and Maritime Services (NSW)

Lessee

CCC

(Assigned pursuant to deed of assignment and consent dated 18 November 2011)

Date

14 July 2011

Term

Commencing on 8 January 2011 and expiring on 7 January 2014

Renewal

One right for 3 years pursuant to clause 17

Permitted use

Wharf safety and health emergency centre, wharf operations control centre, staff amenities, passenger movement management, ticket administration and verification office and security administration.

Licence of Berths 1, 4, 5 and 6 Pier 26, Darling Harbour

Licensed area

Berths 1, 4, 5 and 6 Pier 26, Darling Harbour

Lessor

Sydney Harbour Foreshore Authority

Licensee

CCC

(Assigned pursuant to deed of assignment dated 22 November 2011)

Date

24 January 2002

Term

Commencing on 24 January 2002 and expiring on 23 January 2022

Renewal

No rights of renewal

Permitted use

Use of berths for berthing, mooring and the loading and unloading of passengers, crew, supplies, undertaking minor repairs, refuelling and waste removal for charter or scheduled services.

Water Based Facilities Licence, Pontoon 1, King Street Wharf

Licensed area

Pontoon Area 1, Gangway Area 1 and Boardwalk Area 1, King Street Wharf

Licensor

Roads and Maritime Services (NSW)

Licensee

CCC

(Novated pursuant to deed of novation dated 18 November 2011)

Date

19 December 2003

Term

Commencing on 1 November 2003 and expiring on 31 October 2013

Renewal

One right for 10 years.

Management has informed us that the Licensee has renewed the Licence, with the renewal documents currently being prepared.

Permitted use

- Use of the pontoon area for the berthing and mooring of commercial charter boats and cruise vessels;
- Use of the gangway area for access and egress to the pontoon area; and
- Use of the boardwalk area for the marshalling of passengers and access to the pontoon and gangway areas.

Wharf Access Agreement, Circular Quay

Access area

Western Berth and Eastern Berth, Wharf 6, Circular Quay during specified time allotments shown in the agreement.

Owner

Roads and Maritime Services

Operator

SeaLink Vessels Pty Ltd

Term

Commencing on 1 October 2011 and expiring on 30 September 2016

Renewal

No rights of renewal

Permitted use

Berth and moor vessels at the wharf during the agreed time allotments for the purpose of picking up and setting down passengers and employees of the Operator.

Queensland

Terminal Lease, SeaLink Queensland Terminal

Premises

The building constructed on Lot 674 on CP EP2163 together with that part of the land identified as Lease A on plan SP243814

Lessor

Port of Townsville Limited

Lessee

SeaLink Queensland Pty Ltd

Date

8 March 2011

Term

Commencing on 1 February 2011 and expiring on 31 January 2021

Renewal

One right for 10 years

Permitted use

Activities associated with ticketing, embarkation and disembarkation of passengers for vessels, storage and distribution of fuel and any other use associated with the vessels business including office accommodation, retail sale of café food stuffs and incidental retail sale from travel desk.

Water Lease, SeaLink Queensland Terminal

Premises

The whole of the land in Lot 784 on CP EP2254.

Sublessor

Port of Townsville Limited

Sublessee

SeaLink Queensland Pty Ltd

Date

8 March 2011

Term

Commencing on 1 February 2011 and expiring on 31 January 2021

Renewal

One right for 10 years

Permitted use

Activities associated with embarkation and disembarkation of passengers for vessels which are directly associated with the adjacent ferry terminal.

Carpark Lease, SeaLink Queensland Terminal

Premises

The whole of the land in Lot 433 on CP EP1121, Lot 613 on CP EP1805, Lots 703 and 704 on EP 2163 and that part of Lot 674 CP EP2163 identified as Lease B on plan SP243814

Lessor

Port of Townsville Limited

Lessee

SeaLink Queensland

Date

8 March 2011

Term

Commencing on 1 February 2011 and expiring 31 January 2016.

By letter dated 25 February 2013 the Lessor has agreed to extend the term of the Lease to expire 31 January 2021. The Lessor is currently preparing draft extension document.

Renewal

One right to request a further lease for 3 years pursuant to clause 36. However, it is at the Lessor's discretion whether to grant the extension.

The Lessor may terminate any further lease on 6 months' notice.

Permitted use

Car park

These port facilities agreements are supplemented by various other agreements permitting SeaLink to access facilities in connection with its maritime transport operations and although supporting the Company's ability to conduct those operations, they are not considered material agreements requiring specific disclosure in this Prospectus.

9.6.4 Administration facility agreements

The Company's head office is situated at office 2.1, Optus centre, 431-439 King William Street Adelaide. These premises and the nearby office accommodation at 440 King William Street Adelaide are important facilities which underpin the Company's operations and are considered material agreements. SeaLink pays a total rental of \$275,609 per annum under these agreements. Other relevant details of these agreements are:

**Office 2.1, Optus Centre,
431-439 King William Street, Adelaide**

Premises

Office 2.1, being a portion of the land comprised in Certificate of Title Volume 5191 Folio 394

Sublessor

Longreef Manager Pty Ltd

Sublessee

Kangaroo Island SeaLink Pty Ltd

Date

16 January 2012

Term

Commencing on 12 January 2012 and expiring on 11 January 2015

Renewal

One right of three years

Permitted use

Office accommodation

440 King William Street, Adelaide

Premises

The whole of the land comprised in Certificate of Title Volume 5764 Folio 974

Lessor

Teriga Ltd

Lessee

Kangaroo Island SeaLink Pty Ltd

Date

30 August 2013

Term

Commencing on 14 July 2013 and expiring on 13 July 2018

Permitted use

Retail office accommodation

9.6.5 Finance facilities

SeaLink finances its operations partly from the revenue generated by those operations and partly from finance arrangements with Australia and New Zealand Banking Group Limited (**ANZ**) and Commonwealth Bank of Australia (**CBA**).

ANZ Facility

The total amount outstanding to ANZ under these finance arrangements (**ANZ Finance Facilities**) as at 30 June 2013 is \$17.62M.

| Facility | Facility Limits | Amount drawn as at 30 June 2013 | Maturity Date |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------------------|-----------------------------------------------------------------------|
| 1. Interchangeable Facility (1) <ul style="list-style-type: none"> • Fixed Rate Commercial Bill Facility • Variable Rate Commercial Bill Facility | \$22,000,000 | \$12,500,000 | 31.01.2015 |
| 2. Interchangeable Facility (2) <ul style="list-style-type: none"> • Corporate Hire Purchase Facility • Corporate Lease Finance Facility • Hire Purchase Facility • Corporate Chattel Mortgage Facility | \$5,000,000 | \$3,093,601 | 60 monthly instalments with the last instalment due on 28.03.2016 |
| 3. Overdraft facility | \$1,400,000 | \$1,301,566 | Reviewed on annual basis on 30.11.2013 and expected to be rolled over |
| 4. Standby letter of credit/indemnity/guarantee facilities | \$945,000 | \$729,048 | Reviewed on annual basis on 30.11.2013 and expected to be rolled over |
| 5. Commercial card facilities | \$184,000 | Varies daily | Reviewed on annual basis on 30.11.2013 and expected to be rolled over |

Guarantee

SeaLink and each of its Subsidiaries (except for Kangaroo Island Adventure Tours Pty Ltd and Kangaroo Island Odysseys Pty Ltd which are non-operating companies) are guarantors under the ANZ Finance Facilities. In addition, SeaLink must procure any non-operating Subsidiary as at 7 January 2013 that commence operations to provide a guarantee to ANZ.

Security

SeaLink has granted in favour of ANZ a first registered charge dated 10 May 2005 as security for all monies from time to time outstanding to ANZ under the ANZ Finance Facilities (including moneys which SeaLink owes or may owe ANZ as a guarantor). The securities operate as a fixed and floating charge over the Company's undertaking and all its assets, both present and future.

SeaLink's wholly owned Subsidiaries KIS, Australian Inbound Pty Ltd, The Living Classroom Pty Ltd, Travellink Technology Pty Ltd, Vivonne Bay Outdoor Education Centre Pty Ltd, Magnetic Island Cruise Corporation Pty Ltd, PDW Pty Ltd, SQL, CCC, SeaLink Marina Pty Ltd

and SeaLink Vessels Pty Ltd, have also granted first registered charges (on various dates) in favour of ANZ as security for all moneys from time to time outstanding under the ANZ Finance Facilities. The securities granted by these Subsidiaries operate as fixed and floating charges over the relevant company's undertaking and all its assets, both present and future.

Interest

The ANZ Finance Facilities include the Interchangeable Facilities (1) and (2). These are both fixed rate and variable rate bill facilities and the relevant rate is expressed as a yield percent per annum to maturity determined according to the tenor of the relevant bills of exchange.

The ANZ Finance Facilities also oblige the relevant customer to pay various customary bank fees including line fees, drawdown fees, documentation fees and valuation fees.

Representations, warranties and undertakings

The ANZ Finance Facilities contain a number of representations, warranties and undertakings that are of a type customarily given by bank customers under

facilities of that nature including undertakings to provide information, restrictions as to the disposal of assets and procuring the provision of other financial accommodation, and to comply with various financial covenants.

The key financial covenants to be observed by SeaLink and its Subsidiaries referred to above under the ANZ Finance Facilities require the SeaLink Group to ensure that:

1. **(Debt to Total Tangible Assets Ratio)** the debt to tangible assets ratio of the SeaLink Group must not at any time exceed 0.65 : 1;
2. **(Debt to EBITDA Ratio)** the debt to EBITDA ratio of the SeaLink Group for any relevant period must not exceed 2.50 : 1;
3. **(Interest Cover Ratio)** the interest cover ratio of the SeaLink Group for any relevant period is not less than 3.00 : 1;
4. **(Distributions)** SeaLink does not, and each other member of SeaLink Group does not, make any distribution (other than to SeaLink or one of the Subsidiaries who has provided security over all of its assets to ANZ), unless:
 - no default or review event subsists or is likely to result from making the distribution; and
 - the sum of the distribution and all other distributions made in respect of a financial year does not exceed 70% of the NPAT of the SeaLink Group for the financial year to which the distribution relates, or ANZ otherwise agrees in writing.

For each entity named in Column 2 of the following table, compliance with the financial covenant specified in Column 1 is to be tested by reference to the relevant period referred to in Column 3 on the compliance Date referred to in Column 4.

| Financial covenant | Testing Entity | Relevant Period | Compliance Dates |
|-------------------------------|----------------|----------------------------------|--------------------------------------------------------------|
| Debt to Tangible Assets Ratio | SeaLink Group | Not applicable | At all times |
| Debt to EBITDA Ratio | SeaLink Group | Previous 12 months | 31 March, 30 June, 30 September and 31 December in each year |
| Interest Cover Ratio | SeaLink Group | 1 July until the Compliance Date | 31 March, 30 June and 31 December in each year |
| Distributions | SeaLink Group | Each financial year | At all times |

The proposed FY14 dividend (referred to in Section 1.3) will not exceed the banking covenant concerning distributions because ANZ has agreed with the Company that the calculation of NPAT for this purpose will not include the costs and expenses of the Offer as abnormal items.

Defaults

The ANZ Finance Facilities contain typical events of default for facilities of that nature. These events of default include failure by the customer to make payments due, breach of financial covenants, the misrepresentation of facts pertaining to any finance document, the occurrence of a cross default, change of control or any insolvency event and breach of other obligations under the ANZ Finance Facilities.

In a number of instances, the events of default are subject to materiality thresholds and cure periods.

Upon the occurrence of an event of default ANZ will be entitled to, amongst other things, declare that all monies owing to it under one or more of the finance facilities are immediately due and payable, terminate all or part of its obligations to SeaLink and the SeaLink Group, take enforcement action to recover amounts owed to it (such as appointing receivers and taking possession of any relevant secured property) and may charge SeaLink additional fees and interest.

CBA Facility

In addition, SeaLink has an equipment loan for the Pacific Cat with CBA. A further five coaches have been funded through lease/hire purchase agreements. Exposure under all CBA facilities as at 30 June 2013 was \$2.5M.

9.6.6 Offer Management Agreement

The Company and the Joint Lead Managers entered into the Offer Management Agreement on or about 2 September 2013. Under the Offer Management Agreement, the Company exclusively appointed Ord Minnett and Taylor Collison as joint lead managers of the Offer. The following is a summary of the principal provisions of the Offer Management Agreement.

Fees

The Company agreed to pay the Joint Lead Managers the following fees:

- a management fee of 2.5% of the gross funds raised under the Offer, to be split equally between the Joint Lead Managers;
- a selling fee of 1.5% of the gross funds raised under the Offer (less certain permitted rebates) from Institutional Investors, to be split equally between the Joint Lead Managers; and
- a selling fee of 1.5% on the gross funds raised under the Offer from Retail Investors, to be paid to each Joint Lead Manager on the basis of allocations made to Retail Investors introduced by each Joint Lead Manager.

The Company is required to pay the above fees to the Joint Lead Managers no later than five business days after the allotment of the New Shares under the Offer. In addition, the Company must reimburse each Joint Lead Manager for expenses, including legal expenses of up to \$10,000.

Termination Events

Each Joint Lead Manager may, without cost or liability to itself and by prior written notice to the Company, terminate its obligations under the Offer Management Agreement prior to the date of the allotment of the New Shares (**Allotment Date**) if any one or more of the following events occurs:

- (a) the S&P/ASX All Ordinaries Index decreases to a level that is at least 5% below the level of that Index as at the close of trading on the Business Day prior to the date the Offer Management Agreement on any Business Day between the date of Offer Management Agreement and the Allotment Date and remains at or below that level:
 - (i) for at least two consecutive Business Days; or
 - (ii) on the Business Day immediately before the Allotment Date;
- (b) approval for the Official Quotation of the New Shares on the ASX is refused, withdrawn or qualified on a basis which a Joint Lead Manager reasonably considers unacceptable;
- (c) a statement contained in the Prospectus is misleading or deceptive in a material respect, the Prospectus is defective (having regard, among other things, to the provisions of Section 728 of the Corporations Act) or the issue of the Prospectus is misleading or deceptive in a material respect;
- (d) the Joint Lead Managers reasonably form the view that a supplementary or replacement Prospectus must be lodged with ASIC under Section 719 of the Corporations Act and the Company does not lodge a supplementary or replacement prospectus in the form, with the content and within the time reasonably required by the Joint Lead Managers;
- (e) a change in the Board or a change in the senior management of the Company occurs without the prior written consent of the Joint Lead Managers;
- (f) any of the following occur:
 - (i) a Director (or, if he is not a Director, the chief executive officer, the chief financial officer or the chief operating officer) of the Company or any of its associates or related bodies corporate is charged with an indictable offence relating to a financial or corporate matter;
 - (ii) any Governmental Agency commences any public proceedings against the Company or any of its Directors or senior management, or announces that it intends to take such action, and such proceedings are not dismissed, withdrawn or permanently stayed within 5 Business Days; or
- (g) any of the following notifications are made in relation to the Offer or Prospectus:
 - (i) ASIC issues an order or an interim order under Section 739 of the Corporations Act;
 - (ii) ASIC applies for an order under Section 1324B or 1325 of the Corporations Act or prosecutes or commences proceedings against or gives notice of an intention to prosecute or commence proceedings against the Company;
 - (iii) an application is made by ASIC for an order under Part 9.5 of the Corporations Act or ASIC commences, or gives notice of an intention to hold, any investigation or hearing under Part 3 of the ASIC Act or other applicable law;
 - (iv) any person (other than the Joint Lead Manager seeking to terminate the Offer Management Agreement) who has previously consented to the inclusion of its name in the Prospectus or to be named in the Prospectus withdraws that consent or any other person (other than the Joint Lead Manager seeking to terminate) whose consent to the issue of the Prospectus is required by Section 716 or 720 of the Corporations Act refuses to give their consent; or
 - (v) any person (other than the Joint Lead Manager seeking to terminate the Offer Management Agreement) gives a notice under Section 730 of the Corporations Act;
- (h) the Company withdraws the Prospectus or the Offer or indicates that it does not intend to proceed with the Offer;
- (i) ASX or ASIC withdraws, revokes or modifies any waiver or modification granted in respect of the Company or the Offer;
- (j) a legal opinion letter is not provided by the Company's legal adviser to the Joint Lead Manager following completion of due diligence enquiries or is not in a form reasonably acceptable to the Joint Lead Managers or contains a statement that is untrue, incorrect or misleading;
- (k) the due diligence report of the due diligence committee established by the Company is not delivered to the Company's directors following completion of due diligence enquiries or is not in a form acceptable to the Joint Lead Managers (acting reasonably) or is not capable of being relied on by the Joint Lead Managers or contains a statement that is untrue, incorrect or misleading;

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- (l) all other opinions provided to the due diligence committee or to the directors of the Company in relation to the Offer or the Prospectus following completion of due diligence enquiries are not in a form acceptable to the Joint Lead Managers (acting reasonably) or are not capable of being relied on by the Joint Lead Managers or contain statements that are untrue, incorrect or misleading;
 - (m) the certificate which is required to be provided by the Company to the Joint Lead Managers under Clause 5.15 is not provided when required or a statement in the certificate is untrue, incorrect or misleading;
 - (n) any adverse change occurs in the assets, liabilities, financial position and performance, profits, losses or prospects of the Company and its associates or related bodies corporate (insofar as the position in relation to its associates or related bodies corporate will or may affect the overall position of the Company) including any adverse change in the assets, liabilities, financial position and performance, profits, losses or prospects of the Company and its associates or related bodies corporate from those disclosed in the public information as at the date of the Offer Management Agreement;
 - (o) there occurs a contravention by the Company or its associates or related bodies corporate or by their respective directors or senior managers of the Corporations Act, the constitution of the Company, the Listing Rules or any applicable laws;
 - (p) except where caused by the Joint Lead Managers, any event specified in the timetable for the Offer is delayed for more than two Business Day, without the prior written approval of the Joint Lead Managers;
 - (q) there is introduced or there is announced a proposal to introduce into the Parliament of Australia or any State of Australia or any foreign jurisdiction in which the Company conducts any activity, a new law or policy of any relevant Governmental Agency (including any central bank) any of which does or is likely to prohibit, restrict or materially adversely regulate the principal business of the Company, the Offer, capital issues generally or stock markets generally or materially reduce the level or likely level of valid Applications;
 - (r) the Company or an associates or related body corporate alters its capital structure without the prior written consent of the Joint Lead Managers;
 - (s) an insolvency event occurs in relation to the Company or its associates or related bodies corporate;
 - (t) any material litigation, arbitration or other legal or regulatory proceeding is commenced against the Company or its associates or related bodies corporate;
 - (u) the Company fails to perform or observe any of its obligations under the Offer Management Agreement (which has not been remedied to the reasonable satisfaction of the Joint Lead Managers prior to completion of the Offer);
 - (v) an undertaking, representation or warranty made or given or deemed to have been made or given by the Company under the Offer Management Agreement proves to be, or has been, or becomes, untrue, incorrect or misleading in any material respect and the matters rendering the undertaking, representation or warranty untrue, incorrect or misleading in such material respect are not remedied to the reasonable satisfaction of the Joint Lead Managers prior to the completion of the Offer;
 - (w) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of the following:
 - (i) Australia;
 - (ii) the United States of America;
 - (iii) the United Kingdom;
 - (iv) any member state of the European Union;
 - (v) Japan;
 - (vi) South Africa;
 - (vii) any of the republics formerly comprising the Union of Soviet Socialist Republics;
 - (viii) North Korea;
 - (ix) South Korea;
 - (x) Israel;
 - (xi) Indonesia;
 - (xii) the People's Republic of China;
 - (xiii) any member country of the Organisation of Petrol Exporting Countries; or
 - (x) there is an act of terrorism in Australia, the United Kingdom or the United States of America or any diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world which causes loss of life or significant loss or damage to property, or a national emergency is declared in any of those countries;
 - (y) a general moratorium on commercial banking activities in Australia, the European Union, the United States of America, Hong Kong or Singapore is declared by the relevant central banking authority in any of those jurisdictions and remains in force for 2 consecutive Business Days, or there is a material disruption in commercial banking or security settlement or clearance services in any of those jurisdictions which remains in force for 2 consecutive Business Days;
 - (z) trading of all securities quoted on ASX, New York Stock Exchange, Hong Kong Stock Exchange, Singapore Exchange or London Stock Exchange is suspended or limited in a material respect; or

- (aa) any change or disruption in the national or international political, financial or economic conditions which has or is likely to have an adverse effect on the Offer including without limitation any significant epidemic or pandemic.

The Joint Lead Managers may not exercise their termination rights after the occurrence of an event referred to above unless it believes (acting reasonably) that the event has or is likely to have a materially adverse effect on the Company or its associates or related bodies corporate or the outcome of the Offer or could give rise to a material liability of the Joint Lead Managers under any applicable law.

Under the Offer Management Agreement, if one Joint Lead Manager terminates, the other Joint Lead Manager may give notice in writing to the Company stating whether they assume the obligations of the terminating Joint Lead Manager (or a new lead manager to be appointed to perform the remaining obligations of the terminating Joint Lead Manager).

Representations, warranties and undertakings

The Company gives various representations, warranties and undertakings to the JLM's including that the Prospectus complies in all material respects with the Listing Rules and all applicable regulatory requirements. The Company's undertakings include that it will not, within 6 months from the date of allotment of the Shares under the Offer issue any Shares or other securities in the Company without the prior written consent of the JLM's.

Indemnity

The Company agrees to indemnify the JLM's, their officers, employees, advisers, associates and related bodies corporate against all losses incurred by them in connection with the Offer (subject to limited exceptions).

9.6.7 Payments or Benefits to Experts and Advisors

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash or otherwise) have been paid or agreed to be paid to any expert, stockbroker, promoter or any other person named in this Prospectus as performing a function in a professional capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated, for services rendered by that person in connection with the formation or promotion of the Company or the Offer under this Prospectus.

(a) Minter Ellison

Minter Ellison has acted as the Company's Legal Advisors and in that capacity has been involved in undertaking due diligence enquiries for the preparation of the Prospectus and providing legal advice to the Company in relation to the Offer. In respect of this work, the Company will pay approximately \$125,000 (plus GST and disbursements) for services in relation to this Prospectus. Further amounts

may be paid to Minter Ellison for other services in accordance with its normal time-based charges.

(b) Auditor and Investigating Accountant

Ernst & Young is the Company's auditor and has conducted a review of the Financial Information. Ernst & Young Transaction Advisory Services Limited has acted as Investigating Accountant to the Offer and has prepared the Investigating Accountant's Report and the Financial Services Guide included in this Prospectus and performed work in relation to due diligence enquiries. In respect of these services, the Company will pay approximately \$115,000 plus disbursements and GST to Ernst & Young and Ernst & Young Transaction Advisory Services Limited.

(c) Joint Lead Managers

Ord Minnett and Taylor Collison have agreed to act as Joint Lead Managers to the Offer. In consideration of these services, the Company has agreed to pay Ord Minnett and Taylor Collison the fees described in Section 9.6.6.

9.6.8 Consents

Each of the parties referred to below:

- does not make the Offer;
- other than as specified in this Prospectus, does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified in this Section 9.6.8;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party as specified below:
- each of the parties listed below has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of the statements in this Prospectus that are specified below in the form and content in which the statements appear:
 - (a) Minter Ellison has given and not withdrawn its consent prior to lodgement of this Prospectus with ASIC, its written consent to being named as legal adviser to the Company in this Prospectus, and any electronic version of this Prospectus, in the form and context in which it is named.
 - (b) Ernst & Young has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Auditor providing due diligence services to SeaLink in relation to the Financial Information in the form and context in which it is named.
 - (c) Ernst & Young Transaction Advisory Services Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to SeaLink in relation to

the Financial Information in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Prospectus of its Investigating Accountant's Report in the form and context in which it is included.

- (d) Taylor Collison and Ord Minnett have each given and have not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named as Joint Lead Managers to the Company in this Prospectus, and any electronic version of this Prospectus, in the form and context in which it is named.
- (e) Boardroom Pty Limited has given, and has not before the date of this Prospectus withdrawn, its consent to be named as the Share Registrar to the Company in this Prospectus and any electronic version of this Prospectus in the form and context in which it is named. Boardroom Pty Limited was not involved in the preparation of this Prospectus, did not authorise or cause the issue of this Prospectus and takes no responsibility for any material in or omission from this Prospectus.
- (f) IBISWorld Pty Ltd has given its consent to be named as an expert to whom statements are attributed in Section 3 of this Prospectus and any electronic version of this Prospectus, in the form and context in which they appear and in which IBIS World Pty Ltd is so named. IBIS World Pty Ltd has not withdrawn its consent prior to the lodgement of this prospectus with ASIC.

9.6.9 Litigation

The Company is not engaged in any litigation at the date of this Prospectus, and as far as the Directors are aware, no litigation involving the Company is pending or threatened.

9.6.10 Expenses of the Offer

The expenses of the Offer payable by the Company will be approximately \$1,125,000 of which \$928,000 will be paid using the proceeds of the Offer. Details of those expenses are as follows:

| Description | Cost |
|----------------------------------------------------------------|-----------|
| Legal Fees | \$125,000 |
| Accounting | \$115,000 |
| Design and printing | \$30,000 |
| ASX Listing Fees, ASIC Lodgement Fees and Share Registrar Fees | \$125,000 |
| Consultants | \$25,000 |
| Public relations | \$25,000 |

Continued in next column ...

| | |
|-------------------------------------------------|--------------------|
| Broker commissions | \$660,000 |
| Other (Travel etc) | \$20,000 |
| Total | \$1,125,000 |
| Less paid to 5 September 2013 | \$197,000 |
| Issue costs payable from capital raising | \$928,000 |

9.6.11 Fuel Hedging Agreement

KIS entered into a fuel hedging agreement with the Australia and New Zealand Banking Group Limited (**ANZ**) on 16 April 2013 to hedge the price of gas oil for the period from 2 May 2014 and to 30 April 2015. The total notional quantity of oil under the swap agreement is 1,440,000 litres. The monthly notional quantity is 120,000 litres.

Under the agreement:

- KIS has fixed the price of gas oil to AUD0.755 per litre during the term (**Fixed Price**) against a floating price of gas oil as determined by reference to the Singapore Gasoil 0.05 (Platts) benchmark;
- if the referenced floating price exceeds the Fixed Price for each calendar month during the term, KIS will receive a cash settlement from ANZ equal to the difference in AUD per barrel multiplied by the monthly notional quantity;
- if the Fixed Price exceeds the referenced floating price for each calendar month during the term, KIS will pay ANZ an amount equal to the difference in AUD per barrel multiplied by the monthly notional quantity.

Settlement will occur 5 business days after the end of each calendar month during the term.

9.6.12 ASIC relief

The Company has applied to ASIC for and been granted relief so that the takeovers provision of the Corporations Act will not apply to any "relevant interest" that the Company would otherwise acquire in its own Shares by reason of the escrow arrangements described in Section 7.14.

9.6.13 References to Publications

References are made in this Prospectus to material that is attributed to various sources. Those references are based on statements already published in public documents or a book, journal or comparable publication. Those organisations did not prepare those materials specifically for this Prospectus and have had no involvement in the preparation of any part of this Prospectus.

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10. Directors' Statement

The Directors report that, in their opinion, since the date of the Financial Information referred to in the Independent Accountant's Report set out in Section 8 of this Prospectus, there have not been any circumstances that have materially affected, or will materially affect the value of the assets and liabilities of the Company, except as disclosed in this Prospectus.

The Directors have made all reasonable enquiries in the preparation of this Prospectus and, after doing so, have reasonable grounds to believe that statements made by the Directors in this Prospectus are not misleading or deceptive. The Directors have also made reasonable enquiries in relation to statements made in this Prospectus by persons other than the Directors, and have reasonable grounds to believe that the persons making these statements are reliable and competent. Those persons have given their consent to their statements being included in this Prospectus in the form and context in which they appear, and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

This Prospectus is issued by SeaLink. The issue of this Prospectus has been authorised by the Directors and this Prospectus is signed by the Chairman on behalf of the Directors. Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed on behalf of SeaLink by



Giuliano Ursini
Chairman

Appendix A – Relevant Accounting Policies

The Financial Information has been prepared on a going concern basis adopting the accruals and historical cost basis of accounting and in accordance with the requirements of the Company's Constitution, the Corporations Act including applicable accounting standards and other mandatory professional reporting requirements that applied to the reporting periods as outlined below:

The Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards.

The accounting policies applied to the financial statements are set out below:

a) Principles of Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the economic entity, being the parent entity, SeaLink Travel Group Ltd, and its controlled entities as defined in AASB127 "Consolidated and Separate Financial Statements." The term "Economic Entity" used throughout these financial statements means the parent entity and its controlled entities.

The financial statements of the Subsidiaries are prepared for the same reporting period as the parent using consistent accounting policies.

The consolidated financial statements include the information and results of each controlled entity from the date on which the parent entity obtains control and until such time as the parent entity ceases to control such entities.

In preparing the consolidated financial statements, all intercompany balances, transactions and unrealised profits arising within the economic entity are eliminated in full.

b) Financial assets

Financial assets, being available-for-sale investments are initially recorded at cost. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Statement of Comprehensive Income.

c) Inventories

Inventories, which include spare parts, are valued at the lower of cost and net realisable value. Costs are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on either a first in first out or average cost basis.

d) Taxes

Income taxes

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

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

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

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

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

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

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

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

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

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

Goods and Services Tax (GST)

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

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

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

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

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

e) Leases

Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in Statement of Comprehensive Income.

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

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

f) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the economic entity's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date allocated to each of the economic entity's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether the assets and liabilities of the economic entity are assigned to those units. Each unit to which the goodwill is so allocated represents the lowest level within the economic entity at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

g) Employee Benefits

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

h) Impairment of assets

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

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

i) Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the Statement of Comprehensive Income as incurred.

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

| | Life |
|---------------------------------|-------------------|
| Buildings | 14–40 years |
| Plant and equipment | 3–20 years |
| Plant and equipment under lease | Term of the lease |
| Ferry – at cost | 10–20 years |
| Ferry – at deemed cost | 10–20 years |

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

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

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

An impairment exists when the carrying value of an asset or cash generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the Statement of Comprehensive Income.

j) Revenue

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

Sale of Goods

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

Rendering of Services

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

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

Interest

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

k) Cash and cash equivalents

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

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

l) Trade and other receivables

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

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

m) Trade and other payables

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

n) Foreign Currency transactions and balances

Functional and presentation currency

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

Transaction and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the date the rate of exchange ruling at the reporting date.

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

(o) Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the Statement of Comprehensive Income over the expected useful life of the relevant asset by equal annual instalments.

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

(p) Tax Consolidation and tax sharing

SeaLink Group's wholly owned subsidiary, Kangaroo Island SeaLink Pty Ltd and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime effective 1/1/05. SeaLink is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement whereby income tax expense is allocated to each entity on the basis of their respective liability.

Members of the tax consolidated group have entered into a tax funding agreement which provides for the allocation of current taxes to members of the tax consolidated group in accordance with the principles of AASB 112 Income Taxes. Allocations under the tax funding agreement are made at the end of each year.

The allocation of taxes under the tax funding arrangement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company.

(q) Borrowing Costs

Borrowing costs are recognised as an expense when incurred.

(r) Interest bearing loans and borrowings

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

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

(s) Contributed Equity

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

(t) Critical accounting estimates and judgments

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

Key Estimates – Impairment

The economic entity assesses impairment at each reporting date by evaluating conditions specific to the economic entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Estimates – Doubtful debts provision






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

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Appendix B – The SeaLink Fleet




Each of the vessels listed in the following table are licensed to carry passengers.

| | Name of Ship | Registration Number | Type | Length | Year of completion | Home port |
|-------------------------------------------------------------------------------------|---------------------------|---------------------------------------------------------------------|--------------------------|---------------|---------------------------|------------------|
|  | Spirit Of Kangaroo Island | Australian Maritime Safety Authority (AMSA) official number: 857409 | Passenger/ Vehicle Ferry | 50.37 m | 2003 | Port Adelaide |
|  | Sealion 2000 | AMSA official number: 856002 | Ro Ro Cat | 48.80 m | 1998 | Port Adelaide |
|  | Murray Princess | AMSA official number: 852159 | Passenger | 67.90 m | 1986 | Goolwa |
|  | Sydney 2000 | AMSA official number: 855183 NSW Identifying number: 21461 | Cruise | 63.00 m | 1998 | Sydney |
|  | John Cadman II | AMSA official number: 852412 NSW Identifying number: 15593 | Passenger | 39.00 m | 1986 | Sydney |

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| | Name of Ship | Registration Number | Type | Length | Year of completion | Home port |
|-------------------------------------------------------------------------------------|------------------|---------------------------------------------------------------|---------------|---------|--------------------|-----------|
|  | John Cadman III | Official number: 853371 NSW Identifying number: 18070 | Launch | 38.00 m | 1989 | Sydney |
|  | Captain Cook II | AMSA official number: 355733 NSW Identifying number: 17455 | Cruise Vessel | 30.86 m | 1975 | Sydney |
|  | Captain Cook III | AMSA official number: 853578 NSW Identifying number: 18187 | Passenger | 39.77 m | 1989 | Sydney |
|  | Matilda III | AMSA official number: 852913 NSW Identifying number: 18029 | Launch | 25.67 m | 1987 | Sydney |
|  | Jillian II | AMSA official number: 856151 NSW Identifying number: 21044 | Ferry | 24.95 m | 1996 | Sydney |

| | Name of Ship | Registration Number | Type | Length | Year of completion | Home port |
|-------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------|----------------|---------|--------------------|------------|
|  | Megan | AMSA official number: 856152 NSW Identifying number: 21183 | Ferry | 24.95 m | 1997 | Sydney |
|  | Alice II | AMSA official number: 856150 NSW Identifying number: 21122 | Ferry | 24.95 m | 1996 | Sydney |
|  | Aussie Venture | AMSA official number: 396317 NSW Identifying number: 17883 | Catamaran | 20.80 m | 1981 | Sydney |
|  | Sunbird | Maritime Safety Queensland Registration Number: 3770QC | Passenger Ship | 23.98 m | 1986 | Townsville |
|  | Reef Cat | AMSA official number: 852444 Maritime Safety Queensland Registration Number: 3658QC | Passenger | 30.09 m | 1986 | Cairns |

| | Name of Ship | Registration Number | Type | Length | Year of completion | Home port |
|------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------|-----------------|---------|--------------------|------------|
|  | Pacific Cat | Maritime Safety Queensland Registration Number: 3084QC Certificate Number: 900029287 | Passenger Ship | 22.17 m | 2002 | Darwin |
|  | Fantome Cat | AMSA official number: 859465 Maritime Safety Queensland Registration Number: 29465QD | Passenger Ferry | 29.50 m | 2010 | Townsville |
|  | MV James Grant | Transport Safety Victoria identifying mark: MSV11913 | Passenger Ferry | 18.00 m | 2009 | Townsville |

Appendix C – Glossary

The terms used in this Prospectus have the following meanings unless the context otherwise requires.

| Term | Meaning |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| \$, AUD\$ | dollars of the currency of Australia. All amounts in this Prospectus are in Australian dollars unless otherwise stated |
| A Class Options | the Options issued by the Company on terms set out in Section 9.3 of this Prospectus having an exercise price of \$1.20 and being exercisable by 21 October, 2014 |
| AIFRS | Australian International Financial Reporting Standards |
| ACST | Australian Central Standard Time |
| Applicant | a person who submits an Application Form under this Prospectus |
| Application | an application made by an Applicant using the relevant Application Form |
| Application Form | the application form attached to, or accompanying this Prospectus |
| ASIC | Australian Securities and Investments Commission |
| ASX Settlement Operating Rules | the settlement rules of ASX Settlement as amended from time to time |
| ASX Settlement | ASX Settlement Pty Ltd ACN 008 504 532 |
| ASX | ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the context requires) |
| ASX Listing Rules or Listing Rules | the official listing rules of ASX and any other rules of ASX which apply while the Company is a listed company, each as amended or replaced from time to time except to the extent of any express written waiver by ASX |
| Auditor | Ernst & Young |
| B Class Options | the Options issued by the Company on the terms set out in Section 9.3 of this Prospectus having an exercise price of \$1.40 and being exercisable by 21 October, 2014 |
| Board | the Board of Directors as constituted from time to time |
| Business Day | Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, and any other day that ASX declares is not a business day |
| CCC or Captain Cook Cruises | Captain Cook Cruises Pty Ltd ACN 008 272 302 and the business conducted by CCC, including the operation of the relevant assets held by SeaLink Vessels Pty Ltd and SeaLink Marina Pty Ltd (as the context requires) |
| C Class Options | the Options issued by the Company on the terms set out in Section 9.3 of this Prospectus having an exercise price of \$1.40 and being exercisable before 5 years from the date of admission to the Official List |
| CAGR | Compound Annual Growth Rate |
| Casual FTE | the number of casual staff performing roles equivalent to full time positions |
| CFO | Chief Financial Officer |
| Chairman | the chairman of the Board |
| CHESS | the Clearing House Electronic Sub-register System, an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in any electronic form. |
| Closing Date | the last date for receipt of completed Application Forms for the Offer which is 11 October 2013 or such other date and time as the Directors in their absolute discretion, may determine |

| Term | Meaning |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company or SeaLink | SeaLink Travel Group Limited ACN 109 078 257, and where a reference is made to the Company or SeaLink in the context of events or matters occurring before 13 May 2004, those references shall be to the business conducted by the Company's predecessors under the "SeaLink" brand |
| Compliance & Quality Assurance Department | a department of the Company responsible for ensuring the Company complies with government regulations and Company requirements |
| Completion of the Offer | completion in respect of the issue of New Shares pursuant to the Offer |
| Constitution | the constitution of the Company |
| Corporations Act | the <i>Corporations Act 2001</i> (Cth) |
| Directors | the directors of the Company |
| Directors Options | the 3,125,000 A Class Options, 3,125,000 B Class Options and the 750,000 C Class Options issued by the Company to certain Directors on the terms set out in Section 9.3 of this Prospectus |
| EBIT | earnings before interest and tax |
| EBITDA | earnings before interest, tax, depreciation and amortisation |
| Enterprise Value | market capitalisation plus total borrowings and minority interest (if any), less total cash and cash equivalents |
| Employee Options | the 298,125 A Class Employee Options and 298,125 B Class Employee Options issued under the Employee Share Option Plan |
| Employee Share Option Plan | the Employee Share Option Plan referred to in Section 9.4 |
| Existing Options | the Directors Options and the Employee Options |
| Existing Shares | the 55,000,000 Shares in the Company on issue at the date of the Offer |
| Existing Shareholders | holders of Existing Shares |
| Expiry Date | the date 13 months after the date of this Prospectus |
| Exposure Period | the period of seven days after the date of lodgement of this Prospectus with ASIC, which period may be extended by ASIC by not more than seven days pursuant to Section 727(3) of the Corporations Act |
| Financial Information | has the meaning given in Section 4 |
| Financial Year, FY | means the period running from 1 July in a calendar year to 30 June in the next calendar year |
| FY03 | means the Financial Year ending on 30 June 2003 |
| FY04 | means the Financial Year ending on 30 June 2004 |
| FY05 | means the Financial Year ending on 30 June 2005 |
| FY06 | means the Financial Year ending on 30 June 2006 |
| FY07 | means the Financial Year ending on 30 June 2007 |
| FY08 | means the Financial Year ending on 30 June 2008 |
| FY09 | means the Financial Year ending on 30 June 2009 |
| FY10 | means the Financial Year ending on 30 June 2010 |
| FY11 | means the Financial Year ending on 30 June 2011 |

| Term | Meaning |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FY12 | means the Financial Year ending on 30 June 2012 |
| FY13 | means the Financial Year ending on 30 June 2013 |
| FY14 | means the Financial Year ending on 30 June 2014 |
| FY14F | means the financial forecast for Financial Year ending on 30 June 2014 set out in Section 4 |
| Forecast Results | has the meaning set out in Section 4 |
| Full Subscription | the raising of \$16,500,000 by the issue of 15,000,000 ordinary Shares at \$1.10 each pursuant to this Prospectus |
| Government Agency | any government or any governmental, semi-governmental, municipal or statutory authority, instrumentality, organisation, body or delegate (whether federal, state or local) |
| Gearing Ratio | the ratio of interest bearing debt to total tangible assets (excluding deferred tax assets) |
| Gross Profit | revenue less direct costs incurred but excluding operating overheads |
| Hop-On Hop-Off | means the Hop-On Hop-Off ferries operated by CCC from Sydney's Circular Quay and Darling Harbour |
| IBISWorld | IBISWorld Pty Ltd |
| IFRS | International Financial Reporting Standards |
| IPO | initial public offering |
| Institutional Investors | an investor to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus (or other formality, other than a formality which the Company is willing to comply with), including in Australia persons to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus under Section 708 of the Corporations Act |
| Interest Cover Ratio | means for any period, for any person, the ratio of A to B where: (a) A is EBIT for the person for that period; and (b) B is the interest expense of the person for that period |
| Investigating Accountant | Ernst & Young Transaction Advisory Services Limited ABN 87 003 599 844 |
| Issue | the proposed issue of New Shares pursuant to this Prospectus |
| Joint Lead Managers or JLM | Ord Minnett and Taylor Collison |
| KIS or Kangaroo Island SeaLink | Kangaroo Island SeaLink Pty Ltd ACN 007 122 367 and the business conducted by KIS and its subsidiaries as the context requires |
| Listing | means listing of the Company's shares on the Official List |
| New Shares | ordinary shares in the Company offered pursuant to the Offer |
| NPAT | Net Profit After Tax |
| Operating Cash Flow | means EBITDA less movement in working capital items and non-cash items less income tax paid |
| Pcp | previous corresponding period |
| PW | Paddle Wheeler |
| Offer | the invitation for Applicants to acquire New Shares pursuant to this Prospectus |
| Offer Period | the period from the Opening Date to 5pm ACST on the Closing Date |

| Term | Meaning |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Offer Price | \$1.10 per New Share |
| Official List | the official list of ASX |
| Official Quotation | has the same meaning as in the ASX Listing Rules |
| Opening Date | the first date for receipt of completed Application Forms which is 9.00 am ACST on 20 September 2013 |
| Option | a right to subscribe for a Share |
| Ord Minnett | Ord Minnett Limited ACN 002 733 048 |
| Pro forma | has the meaning given in Section 4 |
| Prospectus | this document (including the electronic form of this document) and any replacement or supplement prospectus this Prospectus dated 6 September 2013 |
| Retail Investors | applicants that are not Institutional Investors |
| SeaLink | means SeaLink Travel Group Limited ACN 109 078 257 |
| SeaLink Group | the group of companies comprising the Company and each of its wholly owned Subsidiaries |
| SeaLink New Zealand | SeaLink New Zealand Ltd and its controlled entities |
| SeaLink NT | SeaLink Northern Territory Pty Ltd ACN 165 036 297 |
| Section | a section of this Prospectus |
| Share | a fully paid ordinary share in the capital of the Company |
| Share Registrar/ Share Registry | Boardroom Pty Limited ABN 14 003 209 836 |
| SQL | SeaLink Queensland Pty Ltd ACN 148 811 170 and the business conducted by SQL and its subsidiaries as the context requires |
| Subscription Amount | the amount of money in dollars and cents payable for those New Shares an Applicant has applied for pursuant to the Offer at \$1.10 each |
| Subsidiaries | the wholly owned subsidiaries of the Company being SeaLink Queensland Pty Ltd ACN 148 811 170, Captain Cook Cruises Pty Ltd ACN 008 272 302, SeaLink Vessels Pty Ltd ACN 072 640 352, SeaLink Marina Pty Ltd ACN 142 423 792, Kangaroo Island SeaLink Pty Ltd ACN 007 122 367, Kangaroo Island Adventure Tours Pty Ltd ACN 107 058 033, SeaLink KI Ferries Pty Ltd ACN 008 221 341, Travellink Pty Ltd ACN 107 057 867, STG Properties Pty Ltd ACN 129 668 542, Magnetic Island Cruise Corporation Pty Ltd ACN 075 366 808, PDW Pty Ltd ACN 010 333 383, Sunferries Travel Pty Ltd ACN 086 477 796, SeaLink Northern Territory Pty Ltd ACN 165 036 297, Australian Inbound Pty Ltd ACN 053 400 169, The South Australian Travel Company Pty Ltd ACN003 651 170, Kangaroo Island Odysseys Pty Ltd ACN 065 932 541, Travellink Technology Pty Ltd ACN 060 696 166, The Living Classroom Pty Ltd ACN 109 377 282 and Vivonne Bay Outdoor Education Centre Pty Ltd ACN 109 214 459 |
| Sunferries | Sunrop Pty Ltd ACN 010 423 766 (formerly Sunferries Pty Ltd) and the ferry service business formerly operated by it under the unregistered business names “Sunferries” and “Magnetic Island Sunferries Passenger Services” (as the context requires) |
| Taylor Collison | Taylor Collison Limited ACN 008 172 450 |
| Total Tangible Assets | total assets less intangible assets and deferred tax asset |

Corporate Directory

Directors

Giuliano M. Ursini (Non-Executive Chairman)
Jeffrey R. Ellison (Managing Director)
Frederick A. Mann (Non-Executive Director)
Christopher D. Smerdon (Non-Executive Director)
William T. (Bill) Spurr (Non-Executive Director)
Terry J. Dodd (Non-Executive Director)
Lucy Hughes Turnbull (Non-Executive Director)

SeaLink Registered Office

Level 2, Optus Centre
431-439 King William Street
Adelaide SA 5000
Australia

Auditor

Ernst & Young
121 King William Street
Adelaide SA 5000
Australia

Australian Legal Advisors

Minter Ellison
Level 10
25 Grenfell Street
Adelaide SA 5000
Australia

Stock Exchange

The Company will apply for its Shares to be quoted on the official list of ASX Limited under the following code: **SLK**

Company Secretary

Trevor I. Waller

Joint Lead Managers

Taylor Collison Limited
Level 16, 211 Victoria Square
Adelaide SA 5000
Australia

Ord Minnett Limited
Level 8, NAB House
255 George Street
Sydney NSW 2000
Australia

Investigating Accountant

Ernst & Young Transaction Advisory Services Limited
121 King William Street
Adelaide SA 5000
Australia

Share Registry

Boardroom Pty Limited
Level 7
207 Kent Street
Sydney NSW 2000
Australia

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A. If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than **2,000** and then in multiples of **100** Multiply by **\$1.10** AUD to calculate the total for Shares and enter the **Samount** at B.
- C. Write your **full name**. Initials are not acceptable for first names.
- D. Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E. If you are sponsored in CHES by a stockbroker or other CHES participant, you may enter your CHES HIN if you would like the allocation to be directed to your HIN.
NB: your registration details provided must match your CHES account exactly.
- F. Enter your Australian **tax file number** ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- G. Complete **cheque details** as requested. Make your cheque payable to **SeaLink Travel Group Limited Application Account**, cross it and mark it "**Not negotiable**". Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.
- H. Enter your **contact details** so we may contact you regarding your Application Form or Application Monies.
- I. Enter your **email address** so we may contact you regarding your Application Form or Application Monies or other correspondence.

Correct Forms of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

| Type of Investor | Correct Form of Registrable Title | Incorrect Form of Registrable Title |
|-----------------------------|----------------------------------------------------|-------------------------------------|
| Individual | Mr John David Smith | J D Smith |
| Company | ABC Pty Ltd | ABC P/L or ABC Co |
| Joint Holdings | Mr John David Smith & Mrs Mary Jane Smith | John David & Mary Jane Smith |
| Trusts | Mr John David Smith <J D Smith Family A/C> | John Smith Family Trust |
| Deceased Estates | Mr Michael Peter Smith <Est Lte John Smith A/C> | John Smith (deceased) |
| Partnerships | Mr John David Smith & Mr Ian Lee Smith | John Smith & Son |
| Clubs/Unincorporated Bodies | Mr John David Smith <Smith Investment A/C> | Smith Investment Club |
| Superannuation Funds | John Smith Pty Limited <J Smith Super Fund A/C> | John Smith Superannuation Fund |

Lodgement

Mail your completed Application Form with cheque(s) attached to the following address:

Mailing address:

SeaLink Travel Group Limited
C/- Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:

SeaLink Travel Group Limited
C/- Boardroom Pty Limited
Level 7
207 Kent Street
SYDNEY NSW 2000

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Limited on 02 9290 9600.

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/Privacy.html>).



Personnel only

CAPTAIN COOK CRUISES 'ROCKET' ON SYDNEY HARBOUR

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