



ocean
C A P I T A L

Annual Report 2007



Ocean Capital Limited

is one of the largest owner-operators of hotels and resorts in Far North Queensland with 545 hotel rooms plus a marine tourism business operating two boats and pontoons on Australia's Great Barrier Reef.



Recent Performance

2002

Appointment of David Kingston to the Board as Chairman

Share Price: \$0.12



2003 – 2005

Rationalisation of core operations in the Whitsundays and Cairns

Share Price: \$0.31



2006

Acquisition of Sunlover Reef Cruises
Acquisition of strata freehold of Hides Hotel Cairns

Share Price: \$0.44



2007

Acquisition of Cape Tribulation Resorts including Coconut Beach Resort and Ferntree Rainforest Lodge

Record net profit before tax of \$4.3 million

Share Price: \$0.59



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From the Chairman

I am pleased to announce that Ocean Capital (the "Group") has delivered its fifth consecutive year of profit and share price growth for shareholders.

For the financial year ended 30 June 2007, the Group achieved a record full year profit before tax of \$4.28M which represented a 42% increase on \$3.01M for the previous financial year (excluding the one off gain on acquisition). Net profit after tax of \$4.93M is impacted by the one-off recognition of a deferred tax asset for building depreciation allowance attributable to the acquisition of the Cape Tribulation Resorts. Excluding this adjustment, net profit after tax would have been \$3.01M an increase of 34% over the previous corresponding period of \$2.25M.

Total revenues increased by \$7.97M or 34.5% to \$31.07M as a result of the acquisition of new businesses and improvements in underlying operations. The Group has a strong balance sheet with minimal debt and we expect there will be nil net debt in the near future as a result of the strong cashflows from each of our businesses.

Ocean Hotels now includes five substantial resorts/hotels which range from three to four star accommodation based in the Whitsundays, Airlie Beach, Cape Tribulation (Coconut Beach Resort & Ferntree Rainforest Lodge) and Cairns. Ocean Hotels has 545 hotel rooms within its portfolio and continues to achieve operational synergies across the properties leveraging from this scale.

Ocean Capital also owns Sunlover Reef Cruises based in Cairns. Sunlover has two 350 seat catamarans that depart daily from Cairns to their pontoons based at the outer edge of the Great Barrier Reef and transports around 70,000 passengers every year. The financial performance of this business has seen a marked improvement over the last twelve months under Ocean's management whilst still providing superior service to our customers.

The Group currently employs around 300 staff and provides opportunities for each to grow and develop through advancement in its businesses.

As our earnings continue to grow and balance sheet continues to strengthen, we will continue to explore acquisition opportunities in the Tourism, Leisure and other sectors in a measured manner.

In line with the improved earnings of the group and the growing critical mass of the operations, the Company's share price has performed well over the past year, increasing from 44 cents in July 2006 to a new high of 59 cents at 30 June 2007, representing a 34% appreciation.

Finally, I would like to thank the entire management team and all staff for their ongoing commitment to the Group and congratulate them on this record result.

David R Kingston
CHAIRMAN

Overview of Operations

Ocean Hotels

Ocean Hotels owns and operates five substantial hotel/resorts based in Far North Queensland.

Long Island Resort

Long Island Resort in the Whitsundays is an award winning 160 room three and a half star island resort. Long Island is a large island mainly comprising National Park and is strategically located between Hamilton Island and Shute Harbour. Title to the 8 hectare resort is perpetual leasehold.

Coconut Beach Resort - Cape Tribulation

Ferntree Rainforest Lodge – Cape Tribulation

The Cape Tribulation Resorts in the World Heritage renowned Daintree Rainforest comprise freehold/perpetual leasehold properties known as Coconut Beach Resort and Ferntree Rainforest Lodge. Together they offer 120 rooms in the three to four star category plus camping sites.

Club Crocodile Airlie Beach

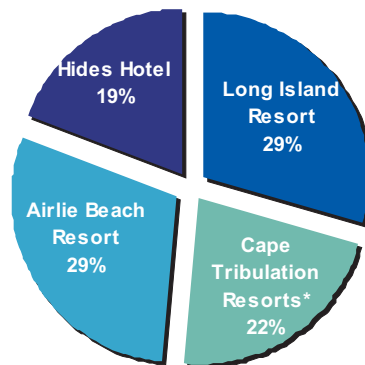
Club Crocodile Airlie Beach is a freehold title three and a half star style hotel located in the gateway to the Whitsundays. It comprises 160 rooms set around a large central lagoon.

Hides Hotel Cairns

Hides Hotel Cairns consists of 105 rooms in a heritage listed building, originally constructed in 1885. The building was restored in 1997 whilst retaining its colonial charm. The hotel is located in the heart of the tourist district in Cairns.



Rooms Inventory



* Includes Coconut Beach Resort and Ferntree Rainforest Lodge

Financial Performance of Ocean Hotels

The key strategy for our hotel properties is to achieve growth in occupancies and net room rates while providing excellent customer service within our category, which has been achieved at each of our properties over the past financial year.

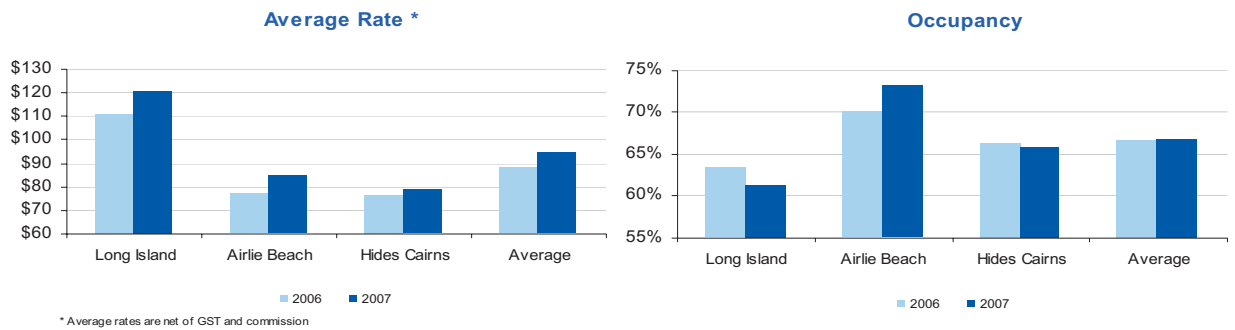
As consumer trends move towards online inquiries and bookings for accommodation and travel information, the Group strives to keep pace with these changes by providing an increased emphasis on internet distribution through ongoing website development and investment. Our Sales & Marketing teams continue to work on streamlining rate structures and price increases across each of the properties through managing key relationships with our suppliers.

Our Airlie Beach and Long Island properties have improved significantly with ongoing reinvestment in these properties to help maintain and improve the facilities for our guests.

The 2007 consolidated result includes five months of operations for the Cape Tribulation Resorts following the acquisition on 1 February 2007. These results were in line with management expectations and will improve as Ocean Hotels achieves penetration into core distribution and establishes key supplier relationships.

Ocean is pleased with the ongoing performance of Hides Hotel in Cairns following its purchase of the strata freehold in June 2006 with year on year growth being achieved.

The following is a summary of the results of each of the properties the Group owned throughout 2007 (excluding Cape Tribulation due to part year ownership):

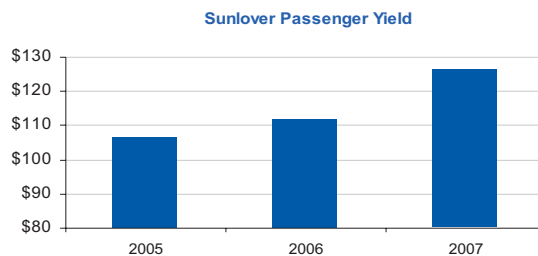


Sunlover Reef Cruises

Throughout 2007, Sunlover has continued to refine its operational structure having undergone a major restructure following the acquisition by the Ocean Capital group during 2006. This has involved streamlining the staff base and rationalisation of surplus assets and the Directors are pleased with how the performance of this business has improved.

During 2007, Sunlover completed stage one of a two stage refurbishment plan of all front line marine infrastructure of the business. This has improved the quality of guest experience, facilitated a higher level of customer service and achieved more efficient operation of the assets.

Sunlover's focus on improving yield per passenger as indicated in the graph below, combined with the reduced overhead structure achieved in 2007, is expected to deliver further and ongoing profit growth for the business.



Directors and Chief Financial Officer

Name	Qualifications and Contribution
David Kingston Non Executive Chairman	David is a qualified lawyer with a commerce degree and over 20 years of investment banking experience. David has led the turn around of the company over the past five years by selling non core assets, driving efficiency in the remaining businesses and buying new growth assets. As the company's largest shareholder he continues to dedicate a substantial proportion of his time to mentoring the management team and assessing acquisition opportunities.
Phillip Dickinson Executive Director	Phil has a degree in Engineering and has been an Executive Director of the group since 1987. He has been the Managing Director of the company since 2002 and last year stepped down to a part time executive director role. Phil continues to play a key role in driving the strategy of the group particularly in respect of Sales & Marketing initiatives.
Jayne Pester Executive Director & Group General Manager of Ocean Hotels & Tourism	Jayne heads up Ocean Hotels & Tourism and has been with the company since 2003. Jayne is responsible for the ongoing growth in the hotel operations coupled with a firm cost control framework. She leads a dedicated team of people which has delivered four years of occupancy and room rate increases.
Michael Gray Chief Financial Officer	Michael is a Chartered Accountant who joined the Group in November 2006. Michael has over 16 years experience working in public practice and commercial environments with a number of large listed public companies in Australia and overseas. Michael is responsible for all financial operations for the businesses and compliance for the Group.

Overview of Results

Five Year Results Summary	2003	2004	2005	2006	2007
	\$000	\$000	\$000	\$000	\$000
	AGAAP	AGAAP	AIFRS	AIFRS	AIFRS
Total revenue	18,184	17,469	18,751	23,104	31,072
EBITDA	1,779	1,807	2,951	3,817	5,794
EBITDA margin	10%	10%	16%	17%	19%
Profit before tax *	874	1,103	2,281	3,010	4,282
Current assets	1,835	2,025	3,841	5,570	5,428
Non current assets	13,363	12,471	13,071	26,901	37,174
Total assets	15,198	14,496	16,912	32,471	42,602
Current liabilities	2,169	1,861	1,906	3,911	4,960
Non current liabilities	1,525	28	36	330	4,254
Total liabilities	3,694	1,889	1,942	4,241	9,214
Shareholders' funds	11,504	12,607	14,970	28,230	33,388

* Excluding the one off gain on acquisition in 2006.

The pre tax profit result (excluding the one off gain on acquisition) represents an improvement of \$1.27M or 42% on the prior financial year primarily as a result of:

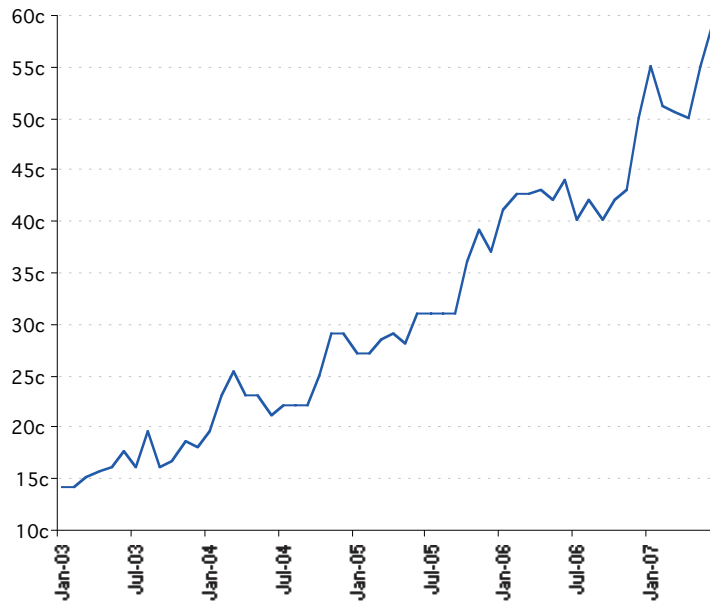
- the contribution during the period from the Sunlover business which was acquired on 31 January 2006 and therefore only includes five months of operations in the prior year result;
- the contribution of the Hides Hotel on a freehold basis from 1 July 2006;
- the ongoing improvement in the underlying operations of the Company's hotel/resorts businesses; and
- continued cost containment focus.

Net profit after tax of \$4.93M is impacted by the one-off recognition of a deferred tax asset for building depreciation allowance attributable to the acquisition of the Cape Tribulation Resorts. Excluding this adjustment, net profit after tax would have been \$3.01M an increase of 34% over the previous corresponding period of \$2.25M.

The Group had total external borrowings of \$3.7M at 30 June 2007 (net debt of \$1.5M) and expects there will be nil net debt in the near future. The Group is actively reviewing further strategic acquisitions of scale, however the Board remains focussed on adopting a value driven investment approach.

Share Price Performance

Ocean Capital has returned the following share price performance:



Period	Growth
2003 Calendar Year	28%
2004 Calendar Year	61%
2005 Calendar Year	28%
2006 Calendar Year	35%
2007 Calendar Year	18%

Looking Ahead

While the domestic and inbound tourism sectors are relatively soft, the Group's tourism and leisure businesses continue to perform well notwithstanding the impact on its key markets from a higher Australian dollar and threat of increasing interest rates.

Key drivers for 2008 will be:

- The ongoing growth in our existing businesses;
- Strengthening our Sales & Marketing functions to achieve improved brand recognition and increased market share;
- The completion of the integration and growth in occupancies & average rates at the Cape Tribulation Resorts; and
- Repayment of existing external debt.

The above factors are expected to lift earnings in 2007/08 and accordingly the Group is forecasting a significant increase over the 2006/07 result.

The portfolio of largely ungeared freehold assets provides the Company with substantial capacity to make meaningful acquisitions the funding for which can be achieved through either a capital raising or external borrowings. The Company will continue to adopt a measured approach to acquisitions with a keen focus on value and strategic fit within the group to capitalise on the success of each of its businesses in recent years.

Ocean Capital Limited

And Controlled Entities

ABN 68 010 715 901

30 June 2007

Financial Report

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**DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2007**

The Board of Directors of Ocean Capital Limited is pleased to present the following report on the consolidated entity (referred hereafter as the "Group") consisting of Ocean Capital Limited and its controlled entities for the year ended 30 June 2007.

1. OPERATING RESULTS

The profit of the Group for the year ended 30 June 2007 after providing for income tax amounted to \$4,933,181 (2006: \$2,246,395) an increase of 119%. This result is impacted by the one-off recognition of a deferred tax asset of \$1,955,247 for building depreciation allowance attributable to the acquisition of the Cape Tribulation Resorts recognised through income tax expense during the current year.

Earnings before interest and tax was \$4,429,633 which represented an increase of 40% over the prior corresponding period.

2. DIVIDENDS

Directors have recommended that no dividend be paid for the current reporting period.

As recommended in last year's report, no dividend was paid out of profits of the previous reporting period.

3. PRINCIPAL ACTIVITIES

The principal activities of the Group involve the operation of tourist resorts/hotels and marine cruise operations.

There were no significant changes in the nature of the Consolidated Entity's principal activities during the reporting period other than the acquisition of the Cape Tribulation Resorts on 31 January 2007.

4. DIRECTORS' INFORMATION

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

Name of Director	Qualifications and Experience	Number of Directors' Meetings	Number of Directors' Meetings Attended
David R Kingston	Investment Banker B.Com., LL.B. Appointed 12 August 2002 Non Executive Chairman since 27 November 2002 Directorships in other listed entities: Southern Cross Broadcasting (Australia) Ltd (from 1 October 2002 to date). Former director of Coopers Brewery Ltd from 1997 to November 2006. Former managing director of N M Rothschild & Sons (Australia) Ltd for 10 years. Former director of Austereo Ltd, Village Roadshow Property Management Ltd, Challenger International Property Management Ltd, Spencer Gulf Telecasters Ltd, Southern Star Group Ltd and Rothschild Australia Capital Investors Ltd.	4	4
Phillip Dickinson	B.Eng(Mining), A.S.I.A. Executive Director from September 1987 until July 2002 and since 1 September 2006. Managing Director from August 2002 until August 2006. Directorships in other listed entities: Nil	4	4
Jayne Pester	Executive Director. Appointed 26 November 2003 Directorships in other listed entities: Nil	4	4

**DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2007**

4. DIRECTORS' INFORMATION (continued)

David Ronald Kingston and his associates, Granite Ridge Pty Ltd, Sun-2 Pty Ltd, Lizold Pty Ltd and N & K Holdings Pty Ltd, have a relevant interest within the meaning of the Corporation Act 2001 in 54,125,195 shares in the company.

Phillip Dickinson is personally entitled to 1,610,243 shares in the company. He has a relevant interest in a further 1,000,000 shares in the company owned by the Dickinson Group Superannuation fund of which he is a trustee.

Jayne Pester is personally entitled to 55,600 shares in the company. She has entitlement to options to acquire a further 325,000 shares in the company.

5. COMPANY SECRETARY

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

6. REVIEW OF OPERATIONS

The three established Ocean Hotel properties (Long Island, Airlie Beach and Hides Hotel Cairns) continued to trade ahead of expectations with improvements in both occupancies and net room rates. Coupled with the ongoing focus on cost containment, each of these properties made a significant contribution to the earnings of the Group. The Group continues to reinvest in each of these properties to enhance our guests experience.

On 31 January 2007, the Group acquired the Cape Tribulation Resorts and since acquisition has put in place a number of strategic initiatives to build key supplier relationships to improve occupancies and achieve cost savings through synergies with the wider group. Since acquisition, the properties have traded in line with expectations after allowing for integration issues and the impact on trading from the wet season in Far North Queensland. It is anticipated that the strategies implemented in 2007 will help improve the operating performance of these properties in the 2008 financial year.

Sunlover Reef Cruises continued its restructure as outlined in the prior year report and the Directors are pleased to announce that this business has now delivered its first standalone annual profit as a result of these strategies.

7. FINANCIAL POSITION

The net tangible assets of the consolidated entity have increased by \$3,893,454 from \$24,997,026 at 30 June 2006 to \$28,890,480 at 30 June 2007.

The group has continued to improve on its strong financial position and up until 31 January 2007 remained debt free. On this date, the group borrowed \$5.5M to fund the purchase price for the Cape Tribulation Resorts. Due to the strong cashflows from both the hotel and marine businesses, the Group expects to repay the balance of the outstanding borrowings in the near future.

The directors believe the group is in a strong and stable financial position to further expand and grow its current operations.

8. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 31 January 2007 the company acquired the assets and operations comprising the Cape Tribulation Resorts at a cost of \$8.5M plus acquisition costs (total cost \$8.9M) from GPT Funds Management 2 Pty Ltd and Voyages Hotels & Resorts Pty Ltd. As a result, these consolidated financial statements include five months of operating results from these properties.

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

**DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2007**

9. AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

10. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group's tourism and leisure businesses continue to perform well notwithstanding the impact on its key markets from a higher Australian dollar and threat of increasing interest rates. The key drivers for the business – average room rate and occupancy for our hotels and yield per passenger for our marine tourism business – continue to be a primary focus for management. The Group expects that continuous improvement in each of these areas is achievable across all businesses with key initiatives in place to deliver this result.

The improvement in profitability of the Cape Tribulation Resorts will be a primary focus for all areas of the Group in the new financial year as the operation seeks to achieve increased volumes through focussed sales & marketing initiatives, new inclusions (e.g. day spa) and operational efficiencies. As a result of these changes, the Group expects these resorts to deliver their first full year contribution to help lift the 2007/08 profits.

Capital expenditure in 2008 is budgeted to be \$2.2M to help achieve ongoing improvement and operating efficiency of all assets and facilitate growth. This spend is also expected to help enhance our customers experience which is considered essential in an ever increasingly competitive market.

The company will continue to seek out acquisition opportunities in the tourism, leisure and service sectors but will proceed with a measured approach and a keen focus on value.

11. REMUNERATION REPORT

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

(a) Remuneration policy:

The Group's remuneration policy has been designed to align directors and management objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific longer term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate to attract and retain the best persons to run and manage the Group as well as create a common interest in goals between directors, managers and shareholders.

The remuneration structure for executive directors seeks to emphasise payment for results through providing various reward schemes such as the incorporation of incentive payments based on the achievement of sales, profit and key performance indicator targets. The objective of the reward schemes is to reinforce the short and long-term goals of the company including long term growth in shareholder wealth.

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

**DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2007**

11. REMUNERATION REPORT (continued)

(b) Performance based remuneration:

As part of executive director remuneration packages there is a performance-based component consisting of key performance indicators (KPI's). The intention of this program is to facilitate goal reinforcement between executive directors with that of the businesses and shareholders. The KPI's are set annually and measures are specifically tailored to the areas each executive director and manager is involved in and has a level of control over. The KPI's target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long term goals. The level set for each KPI is based on budgeted figures for the Group as well as past performance and industry standards.

Performance in relation to the KPI's is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPI's achieved. Following the assessment, the KPI's are reviewed in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPI's are set for the following year. The amount of performance based incentives paid or payable to directors Phillip Dickinson and Jayne Pester are included in the tables below.

(c) Relationship between remuneration policy and company performance:

The remuneration policy has been tailored to increase the common interest of shareholders and directors and executives being improvement of shareholder wealth. There have been two methods applied in achieving this aim, the first being a performance based bonus based on key performance indicators, and the second being the issue of options to directors and management to encourage the alignment of personal and shareholder interests. The company believes this policy to have been effective in increasing shareholder wealth over the past four years from an increase in share price and net asset backing per share.

The following table shows the gross revenue, profits and adjusted comparative profits for the listed entity as well as the share price at the end of the respective financial years. Analysis of the actual figures shows an increase in profits each year as well as an increase in share price each year. The board is of the opinion that these results can be attributed in part to the foregoing remuneration policy and is satisfied that this continued improvement has lead to increased shareholder wealth over the last four years.

	2004*	2005	2006	2007
	\$m	\$m	\$m	\$m
Revenue	18.7	18.9	23.1	31.1
Net Profit before tax	1.1	2.3	3.2	4.3
Net Profit before tax (adjusted for one off items)	0.8	2.3	3.0	4.3
Share Price at year end	21 cents	31 cents	44 cents	59 cents

* Numbers prepared under AGAAP and have not been restated to AIFRS

Employment contracts of Directors and Senior Executives:

The employment conditions of the executive director, Phillip Dickinson, and executive director Jayne Pester are formalised in contracts of employment. Other than these two executive directors, executives are permanent employees of Ocean Capital Limited or wholly owned subsidiaries. Mr Dickinson is employed as executive director under a fixed two year contract which commenced on 1 September 2006 and expires on 31 August 2008. He was previously employed as managing director from 30 August 2004 until 30 August 2006. Ms Pester is employed under a contract commencing from 27 September 2004 and extending until 30 June 2008.

The employment contracts generally stipulate a one month resignation period. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the case of Jayne Pester and other key management personnel, any options not exercised before or on the date of termination will lapse within 30 days of termination.

**DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2007**

11. REMUNERATION REPORT (continued)

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

Key Management Person	Position
Mr David R Kingston	Chairman - Non-executive
Mr Phillip Dickinson	Executive Director
Ms Jayne E Pester	Executive Director and Group General Manager
Mr Andrew R Kennedy	General Manager - Sunlover Cruises
Mr Michael R Gray ²	Chief Financial Officer
Mr John Crawford ³	Company Secretary
Mr Kevin J Sheppard ⁴	Company Secretary
Mr Brent P Cooper ⁵	Sales and Marketing Manager
Mr Martin Nel ⁶	Mergers and Acquisitions

(b) **2007 Key Management Personnel**

	Short-term benefits			Post-employment benefits	Share based payment	Total \$000	Performance related %
	Cash Salary \$000	Cash Incentive \$000	Other \$000	Super-annuation \$000	Options \$000		
Mr David Kingston	-	-	75	-	-	75	-
Mr Phillip Dickinson ¹	74	-	-	7	-	81	-
Ms Jayne Pester	132	15	-	12	-	159	9.43
Mr Andrew Kennedy	116	18	-	19	-	153	11.76
Mr Michael Gray ²	71	3	-	7	-	81	3.70
Mr John Crawford ³	-	-	12	-	-	12	-
Mr Kevin Sheppard ⁴	-	-	104	-	-	104	-
Mr Brent Cooper ⁵	102	7	4	7	-	120	5.83
Mr Martin Nel ⁶	24	-	-	2	-	26	-
	519	43	195	54	-	811	

¹ part time from 1 September 2006

² appointed 20 November 2006

³ appointed 19 December 2006

⁴ resigned 19 December 2006

⁵ resigned 9 March 2007

⁶ resigned 22 September 2006

2006 Key Management Personnel

	Short-term benefits			Post-employment benefits	Share based payment	Total \$000	Performance related %
	Cash Salary \$000	Cash Incentive \$000	Other \$000	Super-annuation \$000	Options \$000		
Mr David Kingston	-	-	52	-	-	52	-
Mr Phillip Dickinson	108	6	-	52	-	166	3.62
Ms Jayne Pester	132	12	-	11	-	155	7.75
Mr Brent Cooper	90	5	5	8	-	108	4.63
Mr Martin Nel	93	-	-	9	-	102	-
Mr Andrew Kennedy	37	-	-	3	-	40	-
Mr Kevin Sheppard	-	-	107	-	-	107	-
Mr Richard Murphy *	28	-	-	2	-	30	-
	488	23	164	85	-	760	

* resigned 12 October 2005

**DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2007**

11. REMUNERATION REPORT (continued)

(b) Key Management Personnel (continued)

(c) Share Options:

Options are issued for ordinary shares in Ocean Capital Limited to key management personnel as part of their remuneration. The options are issued based on performance criteria and, in the case of Ms J E Pester, have been granted as a result of achieving the KPI that the profit for the Group (excluding any one off non trading items) exceeded the budgeted profit target for the period November 2004 to 30 June 2005. Shareholder approval is required for options issued to directors and following this approval being granted, 325,000 options were issued to Ms J E Pester at an exercise price of 30 cents exercisable on or before 1 December 2007. There were no options issued to key management personnel as part of remuneration during the 2007 financial year.

During the year ended 30 June 2007, and up to the date of this report, the following ordinary shares of Ocean Capital Limited were issued on the exercise of options issued under share option deeds. No amounts are unpaid on any of the shares.

Exercise Date	Exercise Price	Number of Shares Issued
24 September 2006	30.0 cents	500,000
20 February 2007	30.0 cents	250,000

Unissued ordinary shares for which options are outstanding at the date of this report are as follows:

Parent Entity	Grant Date	Date of Expiry	Exercise Price	Number Under Option
Ms J E Pester	15 August 2005	1 December 2007	30.0 cents	325,000

No director entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of any other body corporate. The above options for shares were earned in respect of performance during the 2005 year.

12. AUDITOR INDEPENDENCE DECLARATION

The Auditor Independence Declaration under Section 307C of the Corporations Act 2001 forms part of this director's report and is attached on page 16.

13. INDEMNIFICATION OF OFFICERS

During or since the end of the reporting period, the parent entity has paid premiums in respect of a contract insuring all the directors and officers of Ocean Capital Limited against all claims, proceedings, liabilities and expenses incurred in their job as directors or officers of the company except where the liability arises out of conduct involving a wilful breach of duty or where the liabilities have been imposed by law or for any legal action or litigation outside the jurisdiction of the contract. The total amount of the insurance contract premiums paid was \$9,569 (2006: \$15,289).

14. NON- AUDIT SERVICES

The following amounts were paid or are payable for non-audit services provided by PKF Chartered Accountants

Review of tax calculations under AIFRS	\$26,010
Total	<u>\$26,010</u>

The directors are satisfied that the provision of non-audit services during the year by the auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The directors are satisfied that the provision of the non-audit services did not compromise the auditor independence requirements of the Corporations Act because the services were provided by persons who were not involved in the audit and PKF has appropriate safeguards in place to preserve independence which have been disclosed to and accepted by members of the Audit Committee.

**DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2007**

15. AUDIT COMMITTEE

At the date of this report the consolidated entity had an audit committee consisting of non executive director David Kingston as well as Michael Gray (Chief Financial Officer). The committee's responsibilities are to oversee the existence and maintenance of internal controls and accounting systems, oversee the financial reporting process, nominate external auditors and review the existing external audit arrangements.

Name of Member	Qualifications	Number of Committee Meetings	Number of Committee Meetings Attended
David R Kingston	Investment Banker B.Com., LL.B. Non Executive Chairman of Directors	2	2
Michael R Gray	CA, B. Bus (Accountancy) Chief Financial Officer	1	1
Kevin J Sheppard	CPA, B. Bus (Accountancy) Company Secretary	1	1

16. PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION

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

17. ROUNDING OF AMOUNTS

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

Signed in accordance with a resolution of the Directors.

Dated at Cairns this 7th day of August 2007.



**DAVID KINGSTON
CHAIRMAN**



Chartered Accountants
& Business Advisers

AUDITOR INDEPENDENCE DECLARATION

To the Directors of Ocean Capital Limited

As lead engagement partner for the audit of Ocean Capital Limited for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF
Chartered Accountants

A Loots
Partner

Dated at Brisbane this 7th day of August 2007.

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**INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Notes	Consolidated Entity		Parent Entity	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Revenues from ordinary activities	2	31,072	23,104	850	1,128
Advertising & promotions		(1,087)	(862)	(2)	-
Bank fees & charges		(124)	(98)	(9)	(9)
Cost of sales		(8,741)	(6,244)	-	-
Commission and agents fees		(55)	(36)	-	-
Depreciation & amortisation		(1,365)	(804)	(249)	(233)
Directors costs		(112)	(318)	(112)	(59)
Employee related expenses		(9,452)	(7,053)	(125)	(109)
Finance costs		(148)	(3)	(135)	(151)
Freight & cartage		(176)	(173)	-	-
Insurance		(549)	(393)	(3)	-
Rental expense on operating leases		(151)	(969)	-	(15)
Repairs & replacements		(1,883)	(900)	-	-
Telephone, electricity, gas & rates		(1,055)	(941)	-	-
Other expenses from ordinary activities		(1,892)	(1,300)	(386)	(439)
		4,282	3,010	(171)	113
Gain on business combination		-	140	-	-
Profit/(loss) for the period before income tax	3	4,282	3,150	(171)	113
Income tax benefit/(expense)	4	651	(904)	52	(34)
Net profit/(loss) from continuing operations		4,933	2,246	(119)	79
Overall operations:					
Basic earnings per share (cents per share)	19	6.174	3.576		
Diluted earnings per share (cents per share)	19	6.161	3.556		

The above income statements are to be read in conjunction with the attached notes.

**BALANCE SHEETS
AS AT 30 JUNE 2007**

	Notes	Consolidated Entity		Parent Entity	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	2,322	3,514	1,231	1,338
Trade and other receivables	6	2,147	1,463	10,517	8,937
Inventories	7	344	254	-	-
Discontinuing businesses/Assets held for sale		273	-	-	-
Other current assets	8	342	339	60	-
TOTAL CURRENT ASSETS		5,428	5,570	11,808	10,275
NON CURRENT ASSETS					
Property, plant & equipment	9	32,677	23,668	4,356	4,481
Other financial assets	10	-	-	4,367	3,783
Intangible assets	11	23	-	13	-
Deferred tax assets	4	4,474	3,233	1,550	2,302
TOTAL NON CURRENT ASSETS		37,174	26,901	10,286	10,566
TOTAL ASSETS		42,602	32,471	22,094	20,841
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	12	3,918	3,241	375	3,143
Loans and borrowings	13 (a)	88	76	49	46
Current tax liability		588	378	588	378
Provisions	14 (a)	366	216	7	5
TOTAL CURRENT LIABILITIES		4,960	3,911	1,019	3,572
NON CURRENT LIABILITIES					
Loans and borrowings	13 (b)	3,700	39	3,700	-
Provisions	14 (b)	554	291	-	-
TOTAL NON CURRENT LIABILITIES		4,254	330	3,700	-
TOTAL LIABILITIES		9,214	4,241	4,719	3,572
NET ASSETS		33,388	28,230	17,375	17,269
EQUITY					
Share capital	15	20,768	20,543	20,768	20,543
Retained earnings/(accumulated losses)		12,620	7,687	(3,393)	(3,274)
TOTAL EQUITY		33,388	28,230	17,375	17,269

The above balance sheets are to be read in conjunction with the attached notes.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2007**

Consolidated Entity	Share Capital \$000	Retained Earnings \$000	Total \$000
Balance at 1 July 2005	13,476	5,441	18,917
Profit for the period	-	2,246	2,246
Issue of share capital	7,067	-	7,067
	<u>7,067</u>	<u>2,246</u>	<u>9,313</u>
Dividends	-	-	-
Balance at 30 June 2006	<u>20,543</u>	<u>7,687</u>	<u>28,230</u>
Balance at 1 July 2006	20,543	7,687	28,230
Profit for the period	-	4,933	4,933
Issue of share capital	225	-	225
	<u>225</u>	<u>4,933</u>	<u>5,158</u>
Dividends	-	-	-
Balance at 30 June 2007	<u>20,768</u>	<u>12,620</u>	<u>33,388</u>

Parent Entity	Share Capital \$000	Accumulated losses \$000	Total \$000
Balance at 1 July 2005	13,476	(3,353)	10,123
Profit for the period	-	79	79
Issue of share capital	7,067	-	7,067
	<u>7,067</u>	<u>79</u>	<u>7,146</u>
Dividends	-	-	-
Balance at 30 June 2006	<u>20,543</u>	<u>(3,274)</u>	<u>17,269</u>
Balance at 1 July 2006	20,543	(3,274)	17,269
Profit for the period	-	(119)	(119)
Issue of share capital	225	-	225
	<u>225</u>	<u>(119)</u>	<u>106</u>
Dividends	-	-	-
Balance at 30 June 2007	<u>20,768</u>	<u>(3,393)</u>	<u>17,375</u>

The above statements of changes in equity are to be read in conjunction with the attached notes.

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007**

	Notes	Consolidated Entity		Parent Entity	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and others		32,970	25,625	457	2,942
Payments to suppliers, employees and others		(26,620)	(20,225)	(376)	(421)
Interest received		171	137	98	111
Finance costs paid		(72)	(3)	(135)	(151)
Income taxes paid		(406)	-	(406)	-
Goods and services tax paid/(refunded)		(1,177)	(1,000)	108	30
Net cash provided by/(used in) operating activities	3C	4,866	4,534	(254)	2,511
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property plant & equipment		(1,103)	(2,957)	(137)	(195)
Proceeds from sale of property plant & equipment		3	114	-	1
Payment for subsidiaries net of cash acquired		-	(1,123)	-	(8,102)
Payment for purchase of a business		(8,872)	-	(8,872)	-
Net cash used in investing activities		(9,972)	(3,966)	(9,009)	(8,296)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		5,533	-	5,533	-
Repayment of borrowings		(1,847)	(32)	(1,784)	-
Proceeds from issue of shares		225	346	225	346
Proceeds from subsidiary		-	-	-	5,500
Loans to subsidiaries		-	-	5,179	(1,079)
Net cash provided by financing activities		3,911	314	9,153	4,767
NET INCREASE/(DECREASE) IN CASH HELD		(1,195)	882	(110)	(1,018)
Cash and cash equivalents at beginning of year		3,468	2,586	1,292	2,310
CASH AND CASH EQUIVALENTS AT END OF YEAR	1C	2,273	3,468	1,182	1,292

The above statements of cash flows are to be read in conjunction with the attached notes.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1C Cash and cash equivalents.

For the purposes of this statement of cash flows, cash includes -

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

Cash at the end of the year is shown in the balance sheet as: -

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
Cash on hand and in banks	2,322	3,514	1,231	1,338
Bank overdraft	(49)	(46)	(49)	(46)
	2,273	3,468	1,182	1,292

2C Net cash flows attributable to discontinuing operations

Net cash flows from discontinuing operations of a subsidiary included receipts from customers of \$150,819 and payments to suppliers, employees and others of \$142,670.

3C Reconciliation of cash flow from operations with profit from ordinary activities after income tax:

Profit/(loss) from ordinary activities after income tax	4,933	2,246	(119)	79
(a) Non cash flows in profit from ordinary activities:				
Depreciation & amortisation	1,365	804	248	233
Provision impairment of receivables	(38)	(31)	-	-
Gain on sale of fixed assets	(1)	(51)	-	(1)
Movement in deferred tax assets	(1,240)	527	(71)	461
Total non cash flows	86	1,249	177	693
(b) Changes in assets and liabilities:				
(Increase)/decrease in trade debtors	(645)	333	(21)	(85)
(Increase)/decrease in receivables – related entities	-	62	(274)	1,500
(Increase)/decrease in inventories	(90)	60	-	-
(Increase)/decrease in prepayments	(4)	(151)	(60)	2
Decrease in short term security deposits	5	3	-	-
Increase/(decrease) in trade & other creditors	(376)	614	(99)	250
Increase in loans from related entities	-	-	-	511
Increase/(decrease) in GST payable	90	(18)	62	(13)
Increase/(decrease) in unearned income	267	(25)	-	-
Increase/(decrease) in provisions	211	4	(5)	-
Increase/(decrease) in employee benefits	179	(81)	7	1
Gain on acquisition of subsidiaries	-	(140)	-	-
Head entity assumption of subsidiaries tax balances	-	-	-	(805)
Increase in current tax	210	378	78	378
Total Movements	(153)	1,039	(312)	1,739
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,866	4,534	(254)	2,511

4C Cash not available for use: An amount of \$25,000 (2006: \$25,000) is not available for use in day to day operations as it is supporting a bank guarantee for electricity supply.

5C Cash Flow information in relation to the acquisition of a business is disclosed in Note 22 to the Accounts.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. STATEMENT OF ACCOUNTING POLICIES

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

The financial report was authorised for issue on 7th August 2007 by the directors.

a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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

Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

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

Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Functional and presentation currency

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

Rounding of amounts

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

b) Principles of consolidation

Subsidiaries

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

In the Company's financial statements, investments in subsidiaries are carried at cost.

Transactions eliminated on consolidation

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade discounts/allowances and amounts collected on behalf of third parties. Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Rental revenue is recognised in accordance with the terms of the respective rental agreements. All revenue is stated net of the amount of goods and services tax ("GST").

d) Income Tax

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

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

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

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

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

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

e) Leases

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

f) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the combined Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification measurement of the net assets acquired.

g) Impairment of assets

(i) Financial assets

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

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

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets

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

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

h) Trade receivables

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

i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of the business, less the estimated costs of completion and selling expenses.

j) Non current assets held for sale and discontinued operations

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

k) Property, plant and equipment

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

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

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant & Equipment	10% to 20%
Computer Equipment	20% to 40%
Motor Vehicles	12.5% to 15%
Vessels and Reef Pontoons	10% to 20%

The gain or loss on disposal of all fixed assets, including any re-valued assets, is determined as the difference between the carrying amount of the asset at the time of disposal and proceeds of disposal, and is recognised as income or expense in the year of disposal and included in profit from ordinary activities before income tax in the year of disposal.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

k) Property, plant & equipment (continued)

Subsequent costs

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

l) Intangible assets

(i) Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill is initially recorded at the amount by which the purchase price for a business exceeds the fair value attributed to its net assets at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Where the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

(ii) Other intangibles

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

m) Financial Instruments

Non-derivative financial instruments

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

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

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

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

Other

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

Share capital

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

n) Borrowings

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

o) Provisions

(i) Pontoon Decommissioning

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

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

p) Employee benefits

Short term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as payroll tax.

A provision is recognised for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than defined benefit superannuation funds is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets deducted.

Share-based payment transactions

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

q) Goods and services tax

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

r) Finance costs

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

s) Earnings per share

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

t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
2. REVENUE				
Operating activities				
Sales of goods	30,896	22,818	3	3
Interest revenue from other persons	175	137	98	111
Administration fee revenues	-	98	249	233
Rental revenue	-	-	500	780
Total revenue	31,071	23,053	850	1,127
Non operating activities				
Gain on disposal of property, plant and equipment	1	51	-	1
Total revenue from ordinary activities	31,072	23,104	850	1,128
Revenue from exchange of goods included in sale of goods above	-	39	-	-

3. ITEMS INCLUDED IN PROFIT

Additional information on nature of expenses/revenues

Net gain on disposal of non current assets				
Property plant & equipment	-	51	-	1
Net gain on assignment of water sports	-	98	-	-
Net bad and doubtful debts	(6)	31	-	-
Operating lease payments:				
Minimum lease payments	151	957	3	15
Contingent rentals	-	12	-	-
	151	969	3	15

Note:

A wholly owned subsidiary (Dectar Pty Ltd) discloses a contingent rental lease obligation because the amount of the rental payment under the term of the lease for the wharf and berthing facility with Cairns Port Authority is determined from a fixed annual rental and an additional levy determined on the number of passengers using the facility. The additional levy charged for 2007 is 75 cents (2006: 75 cents) per passenger.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
4. INCOME TAX				
The amount provided in respect of income tax differs from the amount of prima facie tax payable on profit from ordinary activities and is reconciled as follows:-				
Prima facie tax payable on profit from ordinary activities before income tax at 30%	1,285	945	(52)	34
Tax effect of amounts which are not deductible in calculating taxable income	19	1	-	-
	<u>1,304</u>	<u>946</u>	<u>(52)</u>	<u>34</u>
Less tax effect of				
- non assessable income received gain on business combination	-	(42)	-	-
- recognition of deferred tax asset for building allowance received on business combination	(1,955)	-	-	-
Income tax (benefit)/expense attributable to entity	<u>(651)</u>	<u>904</u>	<u>(52)</u>	<u>34</u>
Amount of franking credits available for subsequent reporting periods			421	113
(a) The components of tax expense comprise:				
- Current tax	590	518	(220)	378
- Deferred tax	(1,241)	386	168	(344)
Income tax expense/(benefit) in income statement	<u>(651)</u>	<u>904</u>	<u>(52)</u>	<u>34</u>
(b) Deferred tax assets comprise:				
- Trading losses	1,547	2,300	1,547	2,300
- Provisions	277	164	2	1
- Buildings	2,629	753	-	-
- Other	21	16	1	1
	<u>4,474</u>	<u>3,233</u>	<u>1,550</u>	<u>2,302</u>
(c) The overall movement in the deferred tax asset account is as follows :				
Opening balance	3,233	3,619	2,302	2,763
(Charge)/credit to income statement	1,241	(386)	(168)	344
Assumption of tax liabilities of subsidiaries	-	-	(584)	(805)
Closing balance	<u>4,474</u>	<u>3,233</u>	<u>1,550</u>	<u>2,302</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
4. INCOME TAX (continued)				
(c) The movement in deferred tax assets for each temporary difference during the year is as follows:				
Provisions				
Opening balance	164	56	1	1
Credited/(charged) to the income statement	113	108	1	-
Closing balance	<u>277</u>	<u>164</u>	<u>2</u>	<u>1</u>
Other timing differences				
Opening balance	16	1	1	-
Credited/(charged) to the income statement	5	15	-	1
Closing balance	<u>21</u>	<u>16</u>	<u>1</u>	<u>1</u>
Buildings				
Opening balance	753	800	-	-
Credited/(charged) to the income statement	1,876	(47)	-	-
Closing balance	<u>2,629</u>	<u>753</u>	<u>-</u>	<u>-</u>
Trading losses				
Opening balance	2,300	2,762	2,300	2,762
Credited/(charged) to the income statement	(753)	(462)	(753)	(462)
Closing balance	<u>1,547</u>	<u>2,300</u>	<u>1,547</u>	<u>2,300</u>
(d) Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions of deductibility set out in note 1(d) occur				
Capital losses	183	183	-	-
5. CASH AND CASH EQUIVALENTS				
Cash at bank	2,255	3,470	1,231	1,338
Cash on hand	67	44	-	-
	<u>2,322</u>	<u>3,514</u>	<u>1,231</u>	<u>1,338</u>
6. TRADE AND OTHER RECEIVABLES				
Trade receivables	2,150	1,504	-	-
Provision for impairment of receivables	(3)	(41)	-	-
	<u>2,147</u>	<u>1,463</u>	<u>-</u>	<u>-</u>
Loans to wholly owned subsidiaries	-	-	10,517	8,937
	<u>2,147</u>	<u>1,463</u>	<u>10,517</u>	<u>8,937</u>

Loans to wholly owned subsidiaries are due and payable on demand.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
7. INVENTORIES				
Finished goods held for resale or use at cost	344	254	-	-
8. OTHER CURRENT ASSETS				
Short term security deposits	3	3	-	-
Prepayments	339	336	60	-
	<u>342</u>	<u>339</u>	<u>60</u>	<u>-</u>
9. PROPERTY, PLANT AND EQUIPMENT				
Freehold land at cost	1,966	1,051	1,051	1,051
Leasehold land and lease at cost	2,612	2,612	-	-
	<u>4,578</u>	<u>3,663</u>	<u>1,051</u>	<u>1,051</u>
Buildings on freehold land at cost	19,820	13,001	5,201	5,201
Buildings on leasehold land at cost	9,791	9,588	-	-
Less accumulated depreciation	(8,402)	(7,869)	(2,442)	(2,311)
	<u>21,209</u>	<u>14,720</u>	<u>2,759</u>	<u>2,890</u>
Total Land and Buildings	<u>25,787</u>	<u>18,383</u>	<u>3,810</u>	<u>3,941</u>
Vessels and reef pontoons				
At cost	2,226	2,114	-	-
Less accumulated depreciation	(430)	(79)	-	-
	<u>1,796</u>	<u>2,035</u>	<u>-</u>	<u>-</u>
Plant and equipment				
At cost	12,112	9,738	2,759	2,635
Less accumulated depreciation	(7,063)	(6,553)	(2,213)	(2,095)
	<u>5,049</u>	<u>3,185</u>	<u>546</u>	<u>540</u>
Plant and vehicle under lease				
At cost	124	101	-	-
Less accumulated depreciation	(79)	(36)	-	-
	<u>45</u>	<u>65</u>	<u>-</u>	<u>-</u>
Total Plant and Equipment	<u>5,094</u>	<u>3,250</u>	<u>546</u>	<u>540</u>
Total Property, Plant and Equipment	<u>32,677</u>	<u>23,668</u>	<u>4,356</u>	<u>4,481</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

9. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Valuation of property, plant and equipment

A valuation of the assets comprising the hotel/resort businesses of Club Crocodile Airlie Beach, Long Island Resort and Hides Hotel Cairns was obtained in October 2006 for mortgage security purposes from Burgess Rawson, registered valuers. These valuations stated the current market value on a going concern basis for Long Island Resort to be \$17.8 million, Club Crocodile Airlie Beach to be \$9.3 million and Hides Hotel Cairns to be \$7.6 million. The property, plant and equipment owned by the wholly owned subsidiary, Dectar Pty Ltd (Sunlover Reef Cruises), has been included at the amount paid on acquisition at 31 January 2006. The property, plant and equipment for the Cape Tribulation Resorts owned by the wholly owned subsidiaries, OCE Cape Tribulation Pty Ltd as trustee for The Cape Tribulation Trust and Ocean Hotels Pty Ltd, has been included at the amount paid on acquisition at 31 January 2007. The directors have not made any upward revaluation of property, plant and equipment in these accounts.

(b) Non-current asset pledged as security

Refer note 13 for information on non-current assets pledged as security by the parent entity and its consolidated entities.

Movement in Carrying Amounts

	Freehold and Leasehold Land	Buildings on Freehold and Leasehold Land	Vessels and Reef Pontoons	Plant and Equipment	Plant and Equipment under finance lease	Total
Consolidated Entity:						
Opening Balance	3,663	14,720	2,035	3,185	65	23,668
Additions	-	50	63	1,704	-	1,817
Acquisition through business combinations	915	6,972	-	671	-	8,558
Less Disposals	-	-	-	(1)	-	(1)
Less Depreciation Expense	-	(533)	(302)	(510)	(20)	(1,365)
Closing Balance	4,578	21,209	1,796	5,049	45	32,677
Parent Entity:						
Opening Balance	1,051	2,890	-	540	-	4,481
Additions	-	-	-	123	-	123
Acquisition through business combinations	-	-	-	-	-	-
Less Disposals	-	-	-	-	-	-
Less Depreciation Expense	-	(131)	-	(117)	-	(248)
Closing Balance	1,051	2,759	-	546	-	4,356
	Consolidated Entity		Parent Entity			
	2007		2006			
	\$000		\$000			

10. OTHER FINANCIAL ASSETS - UNLISTED

Shares in wholly owned controlled entities	-	-	4,367	3,783
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Note:

The current tax liabilities and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the parent company (2007 - \$584,470 ; 2006 - \$805,381) and represent net equity contributed by the parent company to its subsidiaries and this is eliminated in the consolidated entity.

11. INTANGIBLES

Other intangibles at cost	23	-	13	-
Less accumulated depreciation	-	-	-	-
	<u>23</u>	<u>-</u>	<u>13</u>	<u>-</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Consolidated Entity		Parent Entity	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
12. TRADE AND OTHER PAYABLES				
Trade payables	3,918	3,241	196	497
Loans from wholly owned subsidiaries	-	-	179	2,646
	<u>3,918</u>	<u>3,241</u>	<u>375</u>	<u>3,143</u>
13. BORROWINGS				
(a) CURRENT - SHORT TERM				
Bank overdrafts (secured)	49	46	49	46
Lease liabilities (secured)	39	30	-	-
	<u>88</u>	<u>76</u>	<u>49</u>	<u>46</u>
(b) NON CURRENT - LONG TERM				
Commercial bill facilities (secured)	3,700	-	3,700	-
Lease liabilities (secured)	-	39	-	-
	<u>3,700</u>	<u>39</u>	<u>3,700</u>	<u>-</u>

(i) The carrying amounts of non-current assets pledged as security are:

- Freehold land	1,051	1,051	1,051	1,051
- Leasehold land	2,612	2,612	-	-
- Buildings on freehold land	10,420	10,689	2,759	2,890
- Buildings on leasehold land	3,884	4,030	-	-
- Plant & equipment	3,855	3,032	546	540

(ii) The commercial bill facility and bank overdrafts of the parent entity and subsidiaries are fully secured by first mortgages over freehold and leasehold properties of controlled entities.

(iii) Information about terms and conditions of borrowing are included in Note 20.

14. PROVISIONS				
(a) Current				
Employee benefits - annual leave	366	216	7	5
	<u>366</u>	<u>216</u>	<u>7</u>	<u>5</u>
(b) Non current				
Employee benefits - long service leave	176	148	-	-
Pontoon decommissioning	151	143	-	-
Vessel repairs	227	-	-	-
	<u>554</u>	<u>291</u>	<u>-</u>	<u>-</u>

(c) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Pontoon decommissioning \$000	Vessel repairs \$000	Total \$000
Consolidated - 2007			
Non current			
Carrying amount at start of year	143	-	143
Additional provisions recognised	8	227	235
Amounts used during the period	-	-	-
Carrying amount at end of year	<u>151</u>	<u>227</u>	<u>378</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Consolidated Entity		Parent Entity	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
14. PROVISIONS (continued)				
(d) Pontoon decommissioning				
Opening balance	143	139	-	-
Amounts used	-	-	-	-
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	8	4	-	-
Closing balance	<u>151</u>	<u>143</u>	<u>-</u>	<u>-</u>

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

	2007	2006	2007	2006
	Number	Number	\$000	\$000
15. SHARE CAPITAL				
(a) Contributed equity - shares				
Opening balance	79,437,389	61,762,389	20,543	13,476
Shares issued during the year :				
Conversion of options at 30 cents 24.09.06 & 20.02.07	750,000	-	225	-
Conversion of options at 30 cents 11.11.05 & 08.03.06	-	675,000	-	203
Conversion of options at 14.4 cents 30.09.05	-	1,000,000	-	144
New issue at 42 cents 30.06.06	-	16,000,000	-	6,720
Closing balance	<u>80,187,389</u>	<u>79,437,389</u>	<u>20,768</u>	<u>20,543</u>

(b) Contributed equity - options

There were 1,000,000 share options over unissued shares granted on 1 December 2004 and 750,000 share options over unissued shares granted on 15 August 2005 and each conferred a right to acquire ordinary shares at 30 cents per share. Of these options, 175,000 were converted to shares on 11 November 2005, 500,000 were converted to shares on 8 March 2006, 500,000 were converted to shares on 24 September 2006 and 250,000 were converted to shares on 20 February 2007.

	Number of 30 cent options		Number of 14.4 cent options	
	2007	2006	2007	2006
On issue at 1 July	1,075,000	1,000,000	-	1,000,000
Issued during the financial year	-	750,000	-	-
Converted during the financial year	(750,000)	(675,000)	-	(1,000,000)
Expired during the financial year	-	-	-	-
On issue at 30 June	<u>325,000</u>	<u>1,075,000</u>	<u>-</u>	<u>-</u>

Fully paid ordinary shares carry the right to one vote at a meeting of the Company. Shareholders also have the right to receive dividends as declared and to participate in the proceeds from the sale of all surplus assets in proportion to the total shares issued in the event of the Company winding up.

Option holders do not carry voting rights, do not participate in proceeds from the sale of surplus assets in the event of the Company winding up and are not entitled to dividends in relation to unexercised options.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Consolidated Entity		Parent Entity	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
16. CAPITAL AND LEASING COMMITMENTS				
(a) Operating lease commitments				
Non cancellable operating leases contracted for but not capitalised in the financial statements.				
Payable:				
Not later than one year	209	201	-	-
Later than one year but not later than five years	375	460	-	-
Later than five years	205	270	-	-
	<u>789</u>	<u>931</u>	<u>-</u>	<u>-</u>

Sunlover Reef Cruises holds a sublease over land from Cairns Port Authority which is used as a storage facility which is due for renewal in October 2015. Sunlover also has a rental agreement with Cairns Port Authority in respect of its berthing facility for which there is a fixed rental fee in addition to a levy based on the number of passengers using the facility.

(b) Capital expenditure commitments				
Capital expenditure contracted for at year end but not provided for.				
Payable:				
Not later than one year	50	-	-	-
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>

In addition to the above, a wholly owned subsidiary holds a perpetual lease over crown land which commenced on 1 October 1961. The current annual contribution commitment for this lease is \$57,384 (2006 - \$57,380).

(c) Finance lease commitments				
Motor vehicles				
Payable - minimum lease payments				
- not later than 12 months	41	30	-	-
- between 12 months and 5 years	-	44	-	-
- greater than 5 years	-	-	-	-
Minimum lease payments	<u>41</u>	<u>74</u>	<u>-</u>	<u>-</u>
Less future finance charges	(2)	(5)	-	-
Present value of minimum lease payments	<u>39</u>	<u>69</u>	<u>-</u>	<u>-</u>

17. AUDITORS REMUNERATION

Remuneration of the auditor of the parent entity for:				
Auditing/reviewing the financial report	51	54	51	54
Non audit services:				
Review of taxation calculations under AIFRS	26	5	26	5
Discussions in relation to AIFRS	-	1	-	1
Preparation of independent expert reports	-	9	-	9
	<u>77</u>	<u>69</u>	<u>77</u>	<u>69</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

18. KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation Practices

The Board's policy for determining the nature and amount of compensation of key management for the Group is as follows:

The compensation structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Group. The contracts for service between the Group and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to the date of retirement. Any options not exercised before or on the date of termination lapse within 30 days of termination.

The Group seeks to emphasise payment for results through providing various cash bonus reward schemes, including the incorporation of incentive payments based on the achievement of revenue and profit targets. Various incentive payments result where the Group returns operating profit greater than 5% of budgets. This condition provides management with a performance target focused upon organic sales growth utilising existing Group resources. Bonuses included per note 18 (b) are based on these targets.

The objective of the reward scheme is to both reinforce the short and long-term goals of the Group and to provide a common interest between management and shareholders.

The employment conditions of the executive directors, Mr Dickinson and Ms Pester, as well as other key management personnel are formalised in contracts of employment. Key management personnel are permanent employees of the Ocean Capital Limited consolidated group.

The remuneration committee of the board of directors determines the proportion of fixed and variable compensation for each key management personnel. Refer Note 18 (b).

(a) Names and positions held of key management personnel in office at any time during the financial year are:

<u>Name</u>	<u>Position</u>
Mr David R Kingston	Chairman – Non-executive
Mr Phillip Dickinson	Director – Managing Director to 31 August 2006, Executive Director from 1 September 2006
Ms Jayne E Pester	Executive Director and Group General Manager
Mr Andrew R Kennedy	General Manager – Sunlover Cruises
Mr Michael R Gray	Chief Financial Officer (Appointed 20 November 2006)
Mr John Crawford	Company Secretary (Appointed 19 December 2006)
Mr Kevin J Sheppard	Company Secretary (Resigned 19 December 2006)
Mr Brent P Cooper	Sales and Marketing Manager (Resigned 9 March 2007)
Mr Martin Nel	Mergers and Acquisitions (Resigned 22 September 2006)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

18. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

(b) **2007 Key Management Personnel**

	Short-term benefits			Post-employment benefits	Share based payment	Total \$000	Performance related %
	Cash Salary \$000	Cash Incentive \$000	Other \$000	Super-annuation \$000	Options \$000		
Mr David Kingston	-	-	75	-	-	75	-
Mr Phillip Dickinson ¹	74	-	-	7	-	81	-
Ms Jayne Pester	132	15	-	12	-	159	9.43
Mr Andrew Kennedy	116	18	-	19	-	153	11.76
Mr Michael Gray ²	71	3	-	7	-	81	3.70
Mr John Crawford ³	-	-	12	-	-	12	-
Mr Kevin Sheppard ⁴	-	-	104	-	-	104	-
Mr Brent Cooper ⁵	102	7	4	7	-	120	5.83
Mr Martin Nel ⁶	24	-	-	2	-	26	-
	519	43	195	54	-	811	

¹ part time from 1 September 2006

² appointed 20 November 2006

³ appointed 19 December 2006

⁴ resigned 19 December 2006

⁵ resigned 9 March 2007

⁶ resigned 22 September 2006

2006 Key Management Personnel

	Short-term benefits			Post-employment benefits	Share based payment	Total \$000	Performance related %
	Cash Salary \$000	Cash Incentive \$000	Other \$000	Super-annuation \$000	Options \$000		
Mr David Kingston	-	-	52	-	-	52	-
Mr Phillip Dickinson	108	6	-	52	-	166	3.62
Ms Jayne Pester	132	12	-	11	-	155	7.75
Mr Brent Cooper	90	5	5	8	-	108	4.63
Mr Martin Nel	93	-	-	9	-	102	-
Mr Andrew Kennedy	37	-	-	3	-	40	-
Mr Kevin Sheppard	-	-	107	-	-	107	-
Mr Richard Murphy *	28	-	-	2	-	30	-
	488	23	164	85	-	760	

* resigned 12 October 2005

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

18. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

(c) **Option Holdings:**

Number of options held by key management personnel at year end:

	Balance 1 July 2006	Granted as Compensation	Options exercised	Net Change Other	Balance 30 June 2007	Total Vested 30 June 2007	Total Exercisable 30 June 2007	Total Not Exercisable 30 June 2007
Ms J E Pester	325,000	-	-	-	325,000	325,000	325,000	-
Mr B P Cooper	250,000	-	(250,000)	-	-	-	-	-
Mr M L Nel	500,000	-	(500,000)	-	-	-	-	-
	<u>1,075,000</u>	<u>-</u>	<u>(750,000)</u>	<u>-</u>	<u>325,000</u>	<u>325,000</u>	<u>325,000</u>	<u>-</u>

Options were granted to key management personnel in respect of previous year compensation. All options outstanding at 30 June 2007 have an exercise price of 30.0 cents.

There has been no change to terms or conditions of options since grant date.

No options have been granted as compensation applicable to this year.

All options granted to key management personnel are for ordinary shares in Ocean Capital Limited, which confer a right of one ordinary share for every option held.

(d) Shares issued on exercise of options

Key Management Personnel	No. of Ordinary Shares Issued	Amount Paid per Share	Amount Unpaid per Share
Mr M L Nel	500,000	30.0 cents	Nil
Mr B P Cooper	250,000	30.0 cents	Nil
	<u>750,000</u>		

(e) Number of shares held by key management personnel and their related parties at year end:

Key Management Personnel	Balance 1 July 2006	Received as remuneration	Options exercised	Net change other	Balance 30 June 2007
David Kingston	53,667,173	-	-	628,022*	54,295,195
Phillip Dickinson	2,760,243	-	-	-	2,760,243
Jayne Pester	55,600	-	-	-	55,600
Andrew Kennedy	-	-	-	-	-
Michael Gray	-	-	-	-	-
John Crawford	-	-	-	-	-
Kevin Sheppard	1,554,000	-	-	(1,554,000) **	-
Brent Cooper	140,000	-	250,000	(390,000) **	-
Martin Nel	160,000	-	500,000	(660,000) **	-
	<u>58,337,016</u>	<u>-</u>	<u>750,000</u>	<u>(1,975,978)</u>	<u>57,111,038</u>

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

** Refers to cessation of employment.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Consolidated Entity	
	2007 \$000	2006 \$000
19. EARNINGS PER SHARE		
Net profit used in calculating basic earnings per share	4,933	2,246
Net profit used in calculating diluted earnings per share	4,933	2,246
Weighted average number of ordinary shares used in calculating basic earnings per share	79,908,622	62,821,088
Dilutive potential ordinary shares	159,746	342,045
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	80,068,368	63,163,133
Potential ordinary shares that are not dilutive and not used in the calculation of diluted earnings per share	-	-
Ordinary shares issued between reporting date and time of completion of financial report	-	-
	2007 cents	2006 cents
Basic earnings per share (cents per share)	6.174	3.576
Diluted earnings per share (cents per share)	6.161	3.556

20. FINANCING ARRANGEMENTS

Standby Credit Arrangements:

The Group has a commercial bill facility of \$6,000,000 (2006: \$nil) which can be used by the parent entity. The facility has a term of five years and its weighted average effective interest rate for 2007 was 7.15%. At 30 June 2007 \$3,700,000 had been drawn on this facility (2006: \$nil).

The Group has a combined overdraft facility of \$100,000 (2006: \$400,000), as well as on line and credit card facilities of \$1,710,000 (2006: \$1,670,000) which can be used by either the parent or subsidiary companies.

Other Financing Arrangements:

(a) There are no additional loan arrangements for subsidiary companies.

(b) The Group has a bank guarantee in favour of the Great Barrier Reef Marine Park Authority Qld for an amount of \$60,000 (2006 - \$60,000) in relation to Long Island Resort and an amount of \$275,000 (2006 - \$171,000) in relation to Sunlover Reef Cruises.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

21. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties. Apart from normal trading activities between members of the Group because of their proximity of operations in North Queensland, there are no other business transactions between companies within the Group.

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
(a) Transactions with related Parties:				
Interest paid by Ocean Capital Limited to wholly owned subsidiary Dectar Pty Ltd for short term funding between January 2006 and May 2006	-	-	-	148
(b) Wholly owned controlled group:				
During the year the Parent Entity loaned amounts to wholly owned controlled entities and received repayments of advances from those entities. Interest is not payable on the loans and there is no fixed term of repayment. Balances owed to the parent entity at year end were:				
	2007	2006		
	\$000	\$000		
Oceancorp Pty Ltd	1,138	1,138		
Dectar Pty Ltd	(2,268)	(138)		
Long Island Resorts Pty Ltd	(1,515)	(1,651)		
CCH Cairns Operations Pty Ltd	(155)	(367)		
CCH Island Operations Pty Ltd	(3,238)	(107)		
Club Crocodile Whitsundays Pty Ltd	(1,605)	(383)		
Hides Hotel Trust	7,819	7,799		
Ocean Hotels Pty Ltd	680	-		
The Cape Tribulation Trust	8,996	-		
	<u>9,852</u>	<u>6,291</u>		
(c) Other transactions with related parties:				
Key management Personnel				
Rental payments made to Rifon Pty Ltd, a related party of director David R Kingston, in respect of the lease of Hides Hotel in Cairns. This property was acquired by the consolidated entity on 30 June 2006.	-	720	-	-
Accounting staff and facility hire paid to KDP Accountancy Pty Ltd a related party of Company Secretary Kevin Sheppard	104	107	104	107
Acquisition of Hides Hotel from Rifon Pty Ltd, a related party of director David Kingston, settled on 30 June 2006				
Cash payment	-	1,080	-	-
Payment by share issue	-	6,720	-	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

22. CONTROLLED ENTITIES

Controlled entities consolidated

Investment in controlled entities –

	Country of Incorporation	Percentage owned		Investment at cost	
		2007	2006	2007	2006
		%	%	\$	\$
Parent Entity:					
Ocean Capital Limited	Australia				
Controlled entities of Ocean Capital Limited:					
CCH Cairns Operations Pty Ltd	Australia	100	100	100	100
CCH Island Operations Pty Ltd	Australia	100	100	100	100
Club Crocodile Whitsundays Pty Ltd	Australia	100	100	100	100
Dectar Pty Ltd	Australia	100	100	2,601,230	2,601,230
Long Island Resorts Pty Ltd	Australia	100	100	-	-
OCE Cape Tribulation Pty Ltd *	Australia	100	-	100	-
OCE Hides Pty Ltd	Australia	100	100	100	100
Ocean Hotels Pty Ltd	Australia	100	100	100	100
Oceancorp Pty Ltd	Australia	100	100	10	10

* Incorporated on 3 November 2006

Business Combination

(a) Summary of acquisition

On 31 January 2007, wholly owned subsidiaries OCE Cape Tribulation Pty Ltd as trustee for The Cape Tribulation Trust and Ocean Hotels Pty Ltd acquired the freehold and business interests associated with the Cape Tribulation Resorts in Far North Queensland.

The acquired businesses contributed revenues of \$1,733,433 and a net loss before interest expense of \$507,998 to the Group for the period from 1 February 2007 to 30 June 2007 as a result of integration issues and the impact on trading from the wet season in Far North Queensland.

Following acquisition, the Group commenced a review to divest non-core operations acquired as part of the transaction and the value of these assets to be disposed have been classified as held for sale on the balance sheet.

(b) Purchase consideration and fair value of assets and liabilities acquired

	\$000
Cost of combination:	
Purchase consideration	8,500
Direct costs relating to the acquisition	380
Total purchase consideration	<u>8,880</u>
Fair value of net assets acquired	<u>8,880</u>
Goodwill/gain on acquisition	<u>-</u>
Aggregate fair value of assets and liabilities acquired are as follows:-	
Cash floats	8
Other debtors	25
Inventory	125
Property, plant and equipment	8,836
Deferred tax asset	48
Other payables	(3)
Provision for employee benefits	(159)
Net assets	<u>8,880</u>
Outflow of cash to acquire business, net of cash acquired:	
Cash consideration	8,880
Less cash acquired	(8)
Outflow of cash	<u>8,872</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

23. CONTINGENT LIABILITIES

The parent entity and two of its wholly owned subsidiaries, Oceancorp Pty Ltd and Long Island Resorts Pty Ltd, have entered into a Deed of Indemnity under which the parent entity and its subsidiaries cross guarantee the finance debt of each other. The balance of the finance debts of each of these entities at balance date is \$Nil (2006: \$Nil).

A wholly owned subsidiary is currently defending a litigation claim brought by the developer of a reservations software system for the balance of monies alleged owing when further development of the software was terminated. The quantum of the invoices is in dispute and directors have the view, supported by legal advice that the potential additional financial amount that the wholly owned subsidiary may be liable for is nil.

24. AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

25. COMPANY DETAILS

The registered office of the company is:

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

The principal place of business of the company is:

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

The principal activities of the company are that of tourism resort/accommodation operations and reef cruises.

26. SEGMENT INFORMATION

The Group operates in two segments being Tourism & Hospitality and Cruise Operations.

The Group operates predominantly in one geographical segment being Queensland, Australia. Segment information is reported separately as per Schedule 1.

27. FINANCIAL INSTRUMENTS

The groups financial instruments consists mainly of deposits with banks including short term deposits, accounts receivable and payable, commercial bill facilities, loans to and from subsidiaries and financial leases.

(a) *Credit Risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount disclosed in the balance sheet and notes to the financial statements. The Group had no significant concentrations of credit risk from any party or group.

(b) *Fair Values*

The fair values of financial assets and liabilities approximates their carrying value.

(c) *Interest Rate Risk*

The Group's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is shown in Schedule 2.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

SCHEDULE 1 SEGMENT REPORTING	Tourism & Hospitality \$000		Cruise Operations \$000		Eliminations \$000		Consolidated Entity \$000	
	2007	2006	2007	2006	2007	2006	2007	2006
REVENUE								
External sales	22,242	20,008	8,655	2,959	-	-	30,897	22,967
Unallocated revenue							175	137
Total revenue from ordinary activities							<u>31,072</u>	<u>23,104</u>
RESULT								
Segment result	3,209	2,674	1,046	342	-	-	4,255	3,016
Unallocated expenses net of unallocated revenue							27	134
Profit from ordinary activities before income tax							<u>4,282</u>	<u>3,150</u>
Income tax benefit/(expense)							651	(904)
NET PROFIT							<u>4,933</u>	<u>2,246</u>
ASSETS								
Segment assets	32,644	24,801	5,484	4,437	-	-	38,128	29,238
Unallocated assets							4,474	3,233
Total assets							<u>42,602</u>	<u>32,471</u>
LIABILITIES								
Segment liabilities	4,060	2,262	1,407	1,455	-	-	5,467	3,717
Unallocated liabilities							3,747	524
Total liabilities							<u>9,214</u>	<u>4,241</u>
OTHER								
Acquisition of non current segment assets	10,057	8,715	318	2,421	-	-	10,375	11,136
Depreciation & amortisation of segment assets	1,855	1,365	359	84	(849)	(645)	1,365	804
Other non cash segment expenses	30	2	34	(110)	-	-	64	(108)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

**SCHEDULE 2
FINANCIAL INSTRUMENTS**

	Weighted average effective interest rate %		Floating interest rate \$'000		Fixed interest rate maturing \$'000				Non interest bearing \$'000		Total \$'000
	2007	2006	2007	2006	Within one year	One to five years	Over five years	2007	2006		
					\$'000	\$'000	\$'000				
FINANCIAL ASSETS											
Cash			2,255	2,101	-	-	-	67	44	2,322	3,514
Receivables			-	-	-	1,369	-	2,147	1,463	2,147	1,463
Other			-	-	-	-	-	3	3	3	3
TOTAL FINANCIAL ASSETS			2,255	2,101	-	1,369	-	2,217	1,510	4,472	4,980
FINANCIAL LIABILITIES											
Trade & sundry creditors			-	-	-	-	-	1,509	1,602	1,509	1,602
Commercial bill	7.15	-	3,700	-	-	-	-	-	-	3,700	-
Bank overdraft	10.10	9.85	49	46	-	-	-	-	-	49	46
Finance lease	7.37	7.37	-	-	39	30	39	-	-	39	69
TOTAL FINANCIAL LIABILITIES			3,749	46	39	30	39	1,509	1,602	5,297	1,717
NET FINANCIAL ASSETS/(LIABILITIES)			(1,494)	2,055	(39)	1,339	(39)	708	(92)	(825)	3,263

DIRECTORS' DECLARATION

The directors of Ocean Capital Limited declare that:

1. the financial statements and accompanying notes are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the company and the Consolidated Entity;
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and accompanying notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and accompanying notes for the financial year give a true and fair view;
3. in the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



DAVID KINGSTON
CHAIRMAN

Dated at Cairns this 7th day of August 2007.



Chartered Accountants
& Business Advisers

INDEPENDENT AUDIT REPORT

To the members of Ocean Capital Limited

Report on the Financial Report

We have audited the accompanying financial reports of Ocean Capital Limited (the company) and Ocean Capital Limited and Controlled Entities (the consolidated entity), which comprises the balance sheets as at 30 June 2007, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

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Chartered Accountants
& Business Advisers

Auditor's Opinion

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

- (a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

PKF
Chartered Accountants

A Loots
Partner

Dated at Brisbane this 7th day of August 2007.

OCEAN CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT

The Board of Ocean Capital believes in working to the highest standards of corporate governance as are appropriate for the Group. The Board also believes it is important to recognise that there can be no hard and fast rule to good corporate governance and that it is important to consider the size of the Group, the industry within which it operates, the corporate history and the Group's inherent strengths.

The Group has complied with several of the Principles of Good Corporate Governance and Best Practice Recommendations of the ASX Corporate Governance Council. These include laying solid foundations for management, appropriate Board structure, promotion of ethical and responsible decision making, the safeguard of integrity in financial reporting, the making of timely disclosure of material matters affecting the Group, respecting the rights of shareholders, recognising and managing risk, encouragement of enhanced board and management effectiveness, providing fair and responsible remuneration and recognising the obligations to all legitimate stakeholders.

The Board believes the areas of non conformance shown below will not unduly impact on the Group's ability to meet appropriate standards of Corporate Governance.

Those areas of non conformance are explained as follows:

Recommendation 2.1 – Majority of Independent Directors.

As a small market capitalisation company, it is important that Ocean Capital has a Board of an appropriate size. The Board believes that three is the appropriate number of directors for the company at its current size and that the existing directors have the necessary skills and industry knowledge. To add additional directors at this stage would increase the Boards size beyond what is currently regarded as appropriate and would unnecessarily increase costs. As and when the company grows, the number of directors may be increased.

Recommendation 2.2 – Independent Chairperson.

The Board believes that the company's largest shareholder, Mr David Kingston, is the best candidate to be Chairman and in that role to guide the Group's vision and strategy as well as to set performance expectations.

Recommendation 4.3 – Audit Committee composition

The committee presently comprises two members including the Chairman of the Board. The Board considers there are considerable costs and practicality issues to be resolved in compliance with this recommendation.

SHAREHOLDERS' INFORMATION
LIST OF LARGEST 20 SHAREHOLDERS AT 14 SEPTEMBER 2007

Name	No. of Shares	% of Contributed Equity
1 Lizold Pty Ltd	19,585,592	24.42%
2 Sun-2 Pty Ltd	18,291,530	22.81%
3 Granite Ridge Pty Ltd	15,620,051	19.48%
4 Movilli Pty Ltd	2,313,829	2.89%
5 DB Management Pty Ltd	1,649,121	2.06%
6 Phillip Dickinson	1,610,243	2.01%
7 Elcos (Qld) Pty Ltd	1,125,000	1.40%
8 Mr P & Mrs J Dickinson (Dickinson Group Super Fund)	1,000,000	1.25%
9 Micawber Pty Ltd	944,991	1.18%
10 N & K Holdings Pty Ltd	915,522	1.14%
11 K Capital Pty Ltd	661,000	0.82%
12 Tappak Nominees Pty Ltd	650,000	0.81%
13 UBS Wealth Management Australia Nominees Pty Ltd	644,397	0.80%
14 Martin L Nel	500,000	0.62%
15 David J & Barbara A Niesler	482,692	0.60%
16 Stephanie Phillips	456,600	0.57%
17 Kathryn A Groves & Nea Der Sarkissian	440,696	0.55%
18 Barchester Pty Ltd	400,000	0.50%
19 Ironwood Investments Pty Ltd	400,000	0.50%
20 Kevin F Biggin	350,000	0.44%

Total holdings of top 20 shareholders	68,041,264
Total shares on register	80,187,389
% held by top 20 shareholders	84.85%

DISTRIBUTION OF SHAREHOLDER NUMBERS

Size of Holding	No. of Holders	No. Held Ordinary	Percentage Held
1-1000	144	82,551	0.10%
1001-5000	223	603,004	0.75%
5001-10000	93	740,882	0.92%
10001-100000	236	6,314,228	7.87%
100001 and over	42	72,446,724	90.35%

Number of holders with less than marketable parcels (minimum parcel \$500) is 121.

Names of substantial shareholders listed in the Parent Entity's register at 14 September 2007 are:

Shareholder Name	Ordinary Holding
1. Lizold Pty	19,585,592
2. Sun-2 Pty Ltd	18,291,530
3. Granite Ridge Pty Ltd	15,620,051
4. N & K Holdings Pty Ltd	915,522
5. K Capital Pty Ltd	661,000

AUSTRALIAN STOCK EXCHANGE REPORT

There is no current on market buy back in respect of the company shares.

The results included in this report are the same as those included in the financial accounts reported to the Australian Stock Exchange on 7 August 2007.

Company Directory

Directors

David Ronald Kingston (Chairman)
Phillip Dickinson
Jayne Elizabeth Pester

Company Secretary

John Crawford

Registered Office

C/- V J Ryan & Co Services Pty Limited
Suite 1, Level 5
255 George Street
Sydney NSW 2000
Phone: (02) 9240 4900
Fax: (02) 9247 5930

Auditors

PKF Chartered Accountants
Level 6, AMP Place, 10 Eagle Street
Brisbane Qld 4000
Phone: (07) 3226 3555
Fax: (07) 3226 3500

Share Registry

Computershare Investor Services Pty Ltd
Level 19, 307 Queen Street
Brisbane Qld 4001
Phone: (07) 3237 2100
Fax: (07) 3237 2152

Stock Exchange Listing

The Australian Stock Exchange Ltd has granted quotation for all fully paid ordinary shares in the company

Ocean Hotels

Long Island Resort

Whitsundays Qld 4802
Reservations: 1800 075 125

Club Crocodile Airlie Beach

240 Shute Harbour Road, Whitsundays Qld 4802
Reservations: 1800 075 151

Hides Hotel Cairns

87 Lake Street, Cairns Qld 4870
Reservations: 1800 079 266

Coconut Beach Resort

Cape Tribulation Road, Cape Tribulation Qld 4873
Reservations: 1800 987 077

Ferntree Rainforest Lodge

Camelot Close, Cape Tribulation Qld 4873
Reservations: 1800 987 077

Sunlover Reef Cruises

Reef Fleet Terminal
1 Spence Street, Cairns Qld 4870
Reservations: 1800 810 512

Websites

www.oceancapital.com.au
www.oceanhotels.com.au
www.sunlover.com.au
www.capetribulationresorts.com.au