

# SEALEGS<sup>®</sup>

BE AMPHIBIOUS



INTERIM REPORT  
FOR THE HALF YEAR ENDING  
30 SEPTEMBER 2014



# Chairman's Letter

Dear Shareholders,

I am pleased to announce that Sealegs Corporation has progressed over the 2015 year and we confirm a NZD32,343 profit for the half year. This is a good result and reflects the hard work involved to turn around the NZD600,000 loss for the same period incurred in 2013.

Sales have also increased, reaching NZD9.04m, some 15% higher than the NZD7.96m reached for the corresponding period last year, with a record 59 Sealegs having been sold for the period. Sales benefited from a robust performance in the traditional markets of Sealegs but also from the development of new markets such as Brazil.

The investment into R&D has also paid off and the 7.7m full width console continues to impress customers and shows impressive sales.

The Company is continuing its efforts to establish new markets and in ensuring that it leads the race for technological development in the amphibious industry. The drive to license our technology is gaining momentum and we are hopeful that the trend to incorporate Sealegs technology on RIBS will continue to grow and become a permanent feature around the globe.



Eric Series  
Chairman



# Statement of Comprehensive Income

For the half year ended 30 September 2014

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SEALEGS® INTERIM REPORT FOR THE HALF YEAR ENDING 30/09/2014

	Group Sep-14 \$	Group Sep-13 \$	Group Mar-14 \$
<b>Continuing operations</b>			
Sales of goods	9,041,645	7,860,026	15,953,764
Rendering of services	630,553	521,857	829,148
<b>Revenue</b>	<b>9,672,198</b>	<b>8,381,883</b>	<b>16,782,912</b>
Cost of sales	(7,440,409)	(6,323,879)	(12,639,206)
<b>Gross profit</b>	<b>2,231,789</b>	<b>2,058,004</b>	<b>4,143,706</b>
Other income	11,857	10,309	23,295
Administrative expenses	(1,327,398)	(1,564,275)	(2,890,063)
Distribution expenses	(242,711)	(252,136)	(452,021)
Marketing expenses	(434,293)	(608,012)	(1,098,251)
Occupancy expenses	(89,077)	(103,899)	(223,324)
Research expenses	(91,030)	(17,941)	(55,724)
Other expenses	(13,869)	(88,848)	(210,580)
	<b>45,268</b>	<b>(566,798)</b>	<b>(762,962)</b>
Finance income	4,557	13,452	23,941
Finance expense	(17,481)	(29,213)	(52,046)
<b>Net finance benefit / (cost)</b>	<b>(12,924)</b>	<b>(15,761)</b>	<b>(28,105)</b>
<b>Profit / (loss) before share options &amp; impairment of assets</b>	<b>32,343</b>	<b>(582,559)</b>	<b>(791,067)</b>
Share options (non-cash)	-	(21,091)	(42,183)
<b>Profit / (loss) for the year before income tax</b>	<b>32,343</b>	<b>(603,650)</b>	<b>(833,250)</b>
Tax expense	-	-	-
<b>Profit / (loss) for the year after income tax attributable to Company shareholders</b>	<b>32,343</b>	<b>(603,650)</b>	<b>(833,250)</b>
Exchange differences on translation of foreign operations	27,368	(46,403)	(80,517)
<b>Comprehensive income for the year attributable to Company shareholders</b>	<b>59,711</b>	<b>(650,053)</b>	<b>(913,767)</b>

## Earnings per share from continuing operations

	Group Sep-14 Cents	Group Sep-13 Cents	Group Mar-14 Cents
Basic earning / (deficit) per share	0.05	(0.53)	(0.75)
Diluted earning / (deficit) per share	0.05	(0.51)	(0.75)

# Balance Sheet

As at 30 September 2014

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SEALEGS®

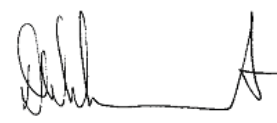
INTERIM REPORT FOR THE HALF YEAR ENDING 30/09/2014

	Group Sep-14 \$	Group Sep-13 \$	Group Mar-14 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	462,266	1,926,462	997,353
Trade receivables and other receivables	1,304,342	558,833	684,983
Inventories	5,504,704	5,251,772	5,885,914
Prepayments	347,039	262,765	179,209
<b>Total current assets</b>	<b>7,618,352</b>	<b>7,999,832</b>	<b>7,747,459</b>
<b>Non-current assets</b>			
Term deposit	75,000	75,000	75,000
Property, plant and equipment	1,501,787	1,810,861	1,674,640
Patents and trademarks	174,456	181,096	173,078
Capitalised development costs	2,409,062	933,066	1,653,174
Computer software	36,018	58,763	40,754
<b>Total non-current assets</b>	<b>4,196,322</b>	<b>3,058,786</b>	<b>3,616,646</b>
<b>TOTAL ASSETS</b>	<b>11,814,674</b>	<b>11,058,619</b>	<b>11,364,105</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	1,874,201	1,820,487	2,334,584
Warranty provision	55,820	32,057	50,000
Employee entitlements	37,745	35,438	43,415
Deposits on orders	911,425	419,793	360,335
<b>Total current liabilities</b>	<b>2,879,192</b>	<b>2,307,775</b>	<b>2,788,334</b>
<b>TOTAL LIABILITIES</b>	<b>2,879,192</b>	<b>2,307,775</b>	<b>2,788,334</b>
<b>NET ASSETS</b>	<b>8,935,482</b>	<b>8,750,844</b>	<b>8,575,771</b>
<b>EQUITY</b>			
<b>Equity attributable to parent company shareholders</b>			
Contributed equity	54,862,690	54,795,140	54,862,690
Employee share option reserve	1,176,317	855,226	876,317
Accumulated deficit	(46,968,950)	(46,771,693)	(47,001,293)
Foreign currency translation reserve	(134,575)	(127,829)	(161,943)
<b>TOTAL EQUITY</b>	<b>8,935,482</b>	<b>8,750,844</b>	<b>8,575,771</b>

For and behalf of the board:



Christopher Weir  
Director  
28 November 2014



David McKee Wright  
Director  
28 November 2014

# Statement of Changes in Equity

For the half year ended 30 September 2014

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SEALEGS® INTERIM REPORT FOR THE HALF YEAR ENDING 30/09/2014

	GROUP SEP-14				
	Contributed Equity	Employee Share Option Reserve	Accumulated Deficit	Foreign Currency Translation Reserve	TOTAL
	\$	\$	\$	\$	\$
At 1 April 2014	54,862,690	876,317	(47,001,293)	(161,943)	8,575,771
Profit / (loss) for the half year	-	-	32,343	-	32,343
Foreign currency translation	-	-	-	27,368	27,368
<b>Total comprehensive income for the period attributable to equity holders of the parent</b>	-	-	<b>32,343</b>	<b>27,368</b>	<b>59,711</b>
<u>Transactions with owners in their capacity as owners:</u>					
Share options exercised	-	300,000	-	-	300,000
<b>As at 30 September 2014</b>	<b>54,862,690</b>	<b>1,176,317</b>	<b>(46,968,950)</b>	<b>(134,575)</b>	<b>8,935,482</b>

	GROUP SEP-13				
	Contributed Equity	Employee Share Option Reserve	Accumulated Deficit	Foreign Currency Translation Reserve	TOTAL
	\$	\$	\$	\$	\$
At 1 April 2013	54,795,140	834,135	(46,168,043)	81,426.00	9,379,806
Profit / (loss) for the half year	-	-	(603,650)	-	(603,650)
Foreign currency translation	-	-	-	46,403.00	(46,403)
<b>Total comprehensive income for the period attributable to equity holders of the parent</b>	-	-	<b>(603,650)</b>	<b>(46,403)</b>	<b>(650,053)</b>
<u>Transactions with owners in their capacity as owners:</u>					
Share based payment for the half year	-	21,091	-	-	21,091
<b>As at 30 September 2013</b>	<b>54,795,140</b>	<b>855,226</b>	<b>(46,771,693)</b>	<b>(127,829)</b>	<b>8,750,844</b>

	GROUP MAR-14				
	Contributed Equity	Employee Share Option Reserve	Accumulated Deficit	Foreign Currency Translation Reserve	TOTAL
	\$	\$	\$	\$	\$
At 1 April 2013	54,795,140	834,134	(46,168,043)	(81,426)	9,379,805
Profit / (loss) for the year	-	-	(833,250)	-	(833,250)
Foreign currency translation	-	-	-	(80,517)	(80,517)
<b>Total comprehensive income for the period attributable to equity holders of the parent</b>	-	-	<b>(833,250)</b>	<b>(80,517)</b>	<b>(913,767)</b>
<u>Transactions with owners in their capacity as owners:</u>					
Share options exercised	67,550	-	-	-	67,550
Share based payment for the year	-	42,183	-	-	42,183
<b>As at 31 March 2014</b>	<b>54,862,690</b>	<b>876,317</b>	<b>(47,001,293)</b>	<b>(161,943)</b>	<b>8,575,771</b>



# Cash Flow Statement

For the half year ended 30 September 2014

	<b>Group Sep-14 \$</b>	<b>Group Sep-13 \$</b>	<b>Group Mar-14 \$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	9,652,896	8,066,723	16,582,851
Government grants	145,471	179,704	224,428
Interest received	4,557	13,452	23,941
Payments to suppliers and employees	(9,364,586)	(9,470,374)	(18,131,656)
<b>Net cash flows from / (used in) operating activities</b>	<b>438,338</b>	<b>(1,210,496)</b>	<b>(1,300,436)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets	-	24,274	55,058
Purchase of fixed assets	(59,989)	(55,592)	(180,970)
Payments for patents & trademarks	(19,303)	(16,206)	(29,761)
Payments for development costs	(1,194,133)	(724,604)	(1,523,173)
<b>Net cash flows from / (used in) investing activities</b>	<b>(1,273,425)</b>	<b>(772,127)</b>	<b>(1,678,846)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	300,000	-	67,550
<b>Net cash flows from financing activities</b>	<b>300,000</b>	<b>-</b>	<b>67,550</b>
Net increase / (decrease) in cash held	(535,087)	(1,982,623)	(2,911,732)
Add: opening cash brought forward	997,353	3,909,085	3,909,085
<b>Cash at end of period</b>	<b>462,266</b>	<b>1,926,462</b>	<b>997,353</b>
<b>Comprising :</b>			
Cash and bank balances	462,266	1,926,462	997,353
	<b>462,266</b>	<b>1,926,462</b>	<b>997,353</b>

## Notes to the financial statements

### Reporting Entity

Sealegs Corporation Limited (the "Company") is a company incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. The Company is an issuer for the purposes of the Financial Reporting Act 1993.

These unaudited consolidated interim financial statements for the half year ended 30 September 2014 comprise the Company and its subsidiaries (together referred to as the "Group").

All accounting policies have been applied on a consistent basis to those used in the audited financial statements for the year ended 31 March 2014.

These financial statements have been approved for issue by the board of directors on 28 November 2014.

### Measurement Base

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZGAAP"), the Companies Act 1993 and the Financial Reporting Act 1993 and are presented in New Zealand dollars, rounded to the nearest dollar.



## DIRECTORY

Company Number  
HN/345055

Date of Incorporation  
16 July 1987

Directors  
Eric Series, Chairman  
Christopher Weir  
David McKee Wright  
Mark Broadley  
Wayne Mapp

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Lawyers  
Buddle Findlay, Auckland, New Zealand

Bankers  
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ANZ Banking Group (New Zealand)  
Limited, Auckland, New Zealand  
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