



# SEALEGS CORPORATION LIMITED



**AMPHIBIOUS MARINE CRAFT**  
CONVENIENCE • SAFETY • PERFORMANCE

## ANNUAL REPORT 2005





## Sealegs Customer Feedback

“Sealegs is a highly innovative product and French people are very impressed with its quality of engineering and the materials used”.  
**Jerome De La Tullaye**



“Surf beach launching is a breeze not a battle. A new lease of boating life for an ancient mariner”.  
**John F McCafferty**

“Since demonstrating the Sealegs Amphibious boat at various locations in the UK we have had the most amazing response. The UK public has not seen anything like it before and can immediately understand its many unique advantages in tidal environments. From our trips to Salcombe, Lymington, Isle of Wight, and the Thames in London we have had over 15 serious enquiries in less than one month. The boating press who have reviewed the boat so far have been genuinely enthused and very impressed by how well engineered the entire boat is. We look forward to their reviews being published.



We are delighted to be working with Sealegs Corporation Ltd, to reach Sealegs Amphibious RIB undoubted potential in the UK”. **Nick Fox**



“I used to rely on people to take me out fishing. With Sealegs I now have my independence back and I can go out by myself. I've even taken out a couple of 85-year-olds and I couldn't have done that in another boat”. **Blake Scott**

“I spent 25 years of my life looking for good financial investments and now after buying a Sealegs boat I am going to spend the next 25 years of my life enjoying one of the best lifestyle investments I've made so far”. **Phil Briggs**



“We are delighted to be working with the new revolution in the boating industry. The potential uses of the Sealegs boat are numerous and the future development of this technology will add a further new dimension to boating. The Middle East, with its endless coastlines and beachfront developments, is the perfect region for letting the Sealegs product reach its full commercial potential.” **Andrew Halstead**



Dear Shareholder,

It is pleasing to provide financial reports to you that incorporate the first revenues generated from our amphibious boats. Sales began in April 2004. For the first twelve months sales totaled \$1.528 million.

Considerable investment is being made in the development of Sealegs, both from a product development perspective and from an international marketing perspective. Several models are now available, and a jet boat version is in the making. The company is in the early stages of testing markets outside of New Zealand. A strategic approach to the development of these markets will begin this year.

The Group has reported a loss of \$1.063 million for the financial year ending 31 March 2005. The operating loss was reduced by the disposal of our interests in Deep Video Imaging Limited, which generated a profit on sale of \$1.025 million. The loss includes a second year of amortisation of goodwill amounting to \$1.214 million. This leaves a balance remaining of goodwill of \$0.556 million.

Over the last year the company executed a share consolidation. We now have a smaller base of shareholders to service, with a corresponding reduction in costs. Our exit from Deep Video Imaging Limited has allowed all management time to be focused on amphibious boats.

A rights issue was announced in May this year. It is being substantially underwritten and is anticipated to raise net proceeds of \$2 million for the company. This issue will enable the company to fund its development over the next two years. A Short Form Prospectus and Investment Statement accompanies this report.

Our management team is stretched. David McKee Wright and Maurice Bryham are supported in the office by Dianne Kennelly. International market development is taking David and to a lesser extent Maurice out of New Zealand more frequently. Additional resources will be added to support the administration and marketing efforts this year.

In June 2004, we welcomed Simon Vodanovich to our Board. Simon is a partner from Buddle Findlay. Simon and I make up the independent directors on the Board.

I thank management, staff and board members for their assistance over the last year. Sealegs is now in the market place. First year sales have been excellent. The boats are performing well.

On behalf of the Board  
John Robertson, Chairman



Dear Shareholder,

The financial year for Sealegs Corporation Limited has closed and your company has generated its own cash flow and revenue. Total revenue exceeded \$2.5 million and the company recorded a loss of \$1,063,354.

Included in the result is the one off sale of the 100% owned DVI Investment Company Ltd, which owned 19% of Deep Video Imaging Limited. This event increased sales and earnings by \$1,025,579, however were offset by the final significant amortisation expense of the purchase of Sealegs International Limited. This expense was \$1,213,848 and leaves a balance of \$556,466 left to amortise.

Normalised operating earnings and revenue excluding amortisation and the sale of DVI Investment Company Ltd would have seen revenues of \$1,549,025 and a loss of \$875,085.

The recent shareholder consolidation saw the shareholder base drop from approximately 4,759 to 2,068 at time of writing. This reduction will result in savings of in excess of \$50,000 per annum and also maximise the recent share price consolidation. The share price consolidation was necessary to ensure weekly/daily movements were not excessive and thus introduce the possibility of introducing institutional shareholders to the stock looking for long-term stable growth.

In April last year Sealegs announced the sale of its first amphibious boat. At the time it was arguably the first time in the world a production amphibious boat was shipped to a customer and at that time management had expectations and hopes of delivering 15 boats. The conclusion of the year saw in excess of 20 boats delivered and a small production facility brimming with activity.

Successes for the year included international sales to:

- The United States of America
- The United Kingdom
- The United Arab Emirates
- Australia
- France

The Sealegs amphibious boat was represented at shows in all of the above countries with the exception of the USA and the UK. Both of these countries are now included in the 2005 Sealegs boat show calendar and initial feedback suggests both countries represent considerable sales potential.

Further to these successes, Sealegs was able to establish a production process for its amphibious craft and put effort into the development of:

- The Sealegs RAC-JET
- The Sealegs ATAC

Research and development for these boats and intellectual property protection is being funded in part by government grants and in 2005 in excess of \$120,000 has been approved for spending. The intellectual property protection process is continuing and an updated schedule is included in this report.

The worldwide reaction to the boat has been highly supportive giving management and the board the confidence to go to its shareholders to fund the planned growth of the company. New Zealand has demonstrated a steady demand for the boat and 2006 will be the year where the company tries to establish a controlled and manageable international demand.

## LOOKING FORWARD

The enclosed investment statement details future plans however in summary they will include;

- The establishment of a larger production facility
- An expanded international boat show calendar
- An Australian market focus

The new production facility will be fitted out to manage a capacity of up to 100 boats per annum and will also facilitate the use of in-house staff. A focus on production costs will be necessary to ensure a wider market can afford the product and at the same time generate a profit for the company.

Market testing during the year demonstrated a high elasticity between sales and price. The company has used the price to control demand, however as we enter overseas markets an attractive price will need to be set, thus the focus on production costs.

The company has a truly unique product with definite export potential. Given this potential the sales model and strategy will be critical. To date we have appointed exclusive resellers in each country and in return for the exclusivity an annual sales target has been set. Should the reseller fail to reach the target within the year the reseller agreement comes up for review and the exclusivity can be cancelled, giving Sealegs the opportunity to appoint another reseller.

To date this appears to be working, however 2006 will see us trial the direct sales model in Australia. Reasons for the direct approach are:

- Sealegs management can ensure a focused effort on ensuring a successful country product introduction
- Sealegs Corporation Limited will make a significantly larger margin
- Management will receive product feedback directly in the country to ensure product suitability

The last twelve months have seen your company become more established and successful. I am confident the close of 2006 will see similar advancement indicating a trend we would all be happy to see progress for the years ahead.

Regards,



David McKee Wright  
Managing Director



## PATENTS AND TRADEMARKS SUMMARY

Type	Country	Title	App No
Patent	United Arab Emirates	Amphibious Vehicle	50/2004
Patent	Australia	Amphibious Vehicle	2002359096
Patent	Canada	Amphibious Vehicle	2,471,585
Patent	EPO	Amphibious Vehicle	2793599.8
Patent	Malaysia	Amphibious Vehicle	PI 20041985
Patent	Norway	Amphibious Vehicle	2004 3069
Patent	New Zealand	Amphibious vehicle	526705
Patent	United States of America	Amphibious Vehicle	10/493,624
Patent	South Africa	Amphibious Vehicle	2004/4955
Patent	New Zealand	Retractable gear for Amphibious Vehicle	528471
Patent	PCT	Retractable gear for Amphibious Vehicle	PCT/NZ2004/000232
Design	Australia	A Boat	2080/2003
Design	European Design	A Boat	000043500-001
Design	New Zealand	A Boat	403199
Design	United States of America	A Boat	29/185,032
Design	New Zealand	Jetski	405561
Trade Mark	New Zealand	SEALEGS	657146
Trade Mark	New Zealand	SEALEGS-stylised	670732
Trade Mark	United Arab Emirates	SEALEGS in UAE	59907
Trade Mark	Australia	SEALEGS (broader coverage)	958062
Trade Mark	European Community Trade Mark Office	SEALEGS	3229523
Trade Mark	United States of America	SEALEGS in USA	76/524,744

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To the Shareholders of Sealegs Corporation Limited.

We have audited the financial statements on pages 7 to 21. The financial statements provide information about the past financial performance of the company and group and their financial position as at 31 March 2005. This information is stated in accordance with the accounting policies set out on pages 11 and 12.

### **Directors' Responsibilities**

The directors are responsible for the preparation of financial statements which comply with generally accepted accounting practice in New Zealand and give a true and fair view of the financial position of the company and group as at 31 March 2005 and of their financial performance and cash flows for the year ended on that date.

### **Auditor's Responsibilities**

It is our responsibility to express an independent opinion on the financial statements presented by the directors and report our opinion to you.

### **Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the circumstances of the company and group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Ernst & Young provides taxation advice to the company and group.

### **Fundamental Uncertainty**

In forming our unqualified opinion, we have considered the adequacy of the disclosures made in the financial statements regarding the additional funding required. As stated in note 26, the financial statements have been prepared on the going concern basis, the validity of which depends upon additional funding being obtained. The financial statements do not include any adjustments that would result from a failure to obtain additional funding.

### **Unqualified Opinion**

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records; and
- the financial statements on pages 7 to 21:
  - comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of the financial position of the company and group as at 31 March 2005 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 26 May 2005 and our unqualified opinion is expressed as at that date.



Auckland

## AUDITOR'S REPORT

for the year ended 31<sup>st</sup> March 2005

	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
Income				
Sales	1,528,011	-	19,000	-
Interest Income	21,014	21,014	26,434	22,285
Other Income	-	-	210,249	198,896
Gain on Sale of Investment <sup>2</sup>	1,025,579	1,025,579	5,684	5,684
Operating Revenue <sup>3</sup>	2,574,604	1,046,593	261,367	226,865
Auditors Remuneration				
- audit of financial statements	15,750	15,750	21,600	21,600
- other services	14,955	14,955	21,115	21,115
Depreciation - Computer Equipment	6,837	6,296	19,807	20,067
- Plant and Equipment	17,958	-	7,288	-
- Computer Software	188	-	-	-
- Furniture & Fittings	551	-	-	-
Amortisation of Patents and Trademarks <sup>14</sup>	8,738	-	-	-
Directors' Fees <sup>4</sup>	87,271	87,271	75,000	75,000
Rent	31,160	-	201,817	167,369
Research and Development	2,397	-	250,120	-
Amortisation of Goodwill <sup>14</sup>	1,213,848	-	1,213,847	-
Reduction in carrying value of Investments	-	4,357,061	-	3,905,320
Other Expenses	2,243,863	146,282	1,175,111	849,700
Operating Surplus (Deficit) Before Taxation	(1,068,912)	(3,581,022)	(2,724,338)	(4,833,306)
Taxation <sup>5</sup>	(5,558)	(5,558)	(29,045)	(30,659)
Operating Deficit After Taxation <sup>3</sup>	(1,063,354)	(3,575,464)	(2,695,293)	(4,802,647)
Net Surplus (Deficit) Attributable to the Shareholders of the Parent Company	(1,063,354)	(3,575,464)	(2,695,293)	(4,802,647)

The accompanying notes form part of these financial statements.



	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
Equity at beginning of the year	2,030,508	4,909,946	3,556,331	8,543,123
Net Deficit attributable to:				
Parent company shareholders	(1,063,354)	(3,575,464)	(2,695,293)	(4,802,647)
Total recognised revenues and expenses for the year	(1,063,354)	(3,575,464)	(2,695,293)	(4,802,647)
Contribution from owners:				
Ordinary shares issued during the year <sup>7</sup>	147,000	147,000	1,169,470	1,169,470
Equity at end of the year	1,114,154	1,481,482	2,030,508	4,909,946

The accompanying notes form part of these financial statements.

## STATEMENT OF MOVEMENTS IN EQUITY

for the year ended 31<sup>st</sup> March 2005

	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
<b>Shareholders' Equity</b>				
Capital <sup>7</sup>	37,275,461	37,275,461	37,128,461	37,128,461
Accumulated Deficit <sup>8</sup>	(36,161,307)	(35,793,979)	(35,097,953)	(32,218,515)
<b>Total Shareholders' Equity</b>	<b>1,114,154</b>	<b>1,481,482</b>	<b>2,030,508</b>	<b>4,909,946</b>
<b>Current Liabilities</b>				
Trade Payables <sup>16, 25</sup>	247,390	42,542	96,108	9,995
Sundry Payables and Accruals <sup>16</sup>	125,498	110,930	176,280	133,445
Employee Entitlements <sup>16</sup>	6,151	-	7,256	7,256
Deposits on Orders <sup>16</sup>	72,000	-	253,592	-
	451,039	153,472	533,236	150,696
<b>Total Equity and Liabilities</b>	<b>1,565,193</b>	<b>1,634,954</b>	<b>2,563,744</b>	<b>5,060,642</b>
<b>Current Assets</b>				
Cash at Bank and on Hand <sup>15, 21</sup>	75,932	5,274	396,117	125,502
Bank Deposits <sup>15, 21</sup>	182,682	182,682	98,933	98,933
Trade Receivables <sup>9, 21, 25</sup>	167,962	-	4,594	4,594
Inventory <sup>10</sup>	316,544	-	119,065	-
Prepayments <sup>9</sup>	24,517	3,334	21,267	329
Sundry Receivables <sup>9, 21</sup>	57,015	28,616	74,219	61,145
	824,652	219,906	714,195	290,503
<b>Non Current Assets</b>				
Investment in Subsidiaries & Associates <sup>12, 13</sup>	-	-	-	4,357,062
Intercompany Receivables - Sealegs <sup>9, 19</sup>	-	1,410,131	-	401,895
Property, Plant and Equipment <sup>11</sup>	105,437	4,917	79,235	11,182
Intangibles <sup>14</sup>	635,104	-	1,770,314	-
	740,541	1,415,048	1,849,549	4,770,139
<b>Total Assets</b>	<b>1,565,193</b>	<b>1,634,954</b>	<b>2,563,744</b>	<b>5,060,642</b>

For and on behalf of the Board, who authorised the issue of this annual report on 26 May 2005:



John Robertson  
Director



David McKee Wright  
Director

The accompanying notes form part of these financial statements.



	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
<b>Cashflows from Operating Activities</b>				
Cash was provided from:				
Receipts from customers	1,333,497	(10,980)	583,559	240,074
Interest received	21,014	21,014	26,439	22,289
Tax refund received	50,657	50,657	-	-
Cash was disbursed to:				
Payments to suppliers and employees	(2,675,070)	(261,480)	(1,699,771)	(1,026,321)
Tax paid	-	-	(21,612)	(19,998)
<b>Net Cashflows from Operating Activities <sup>22</sup></b>	<b>(1,269,902)</b>	<b>(200,789)</b>	<b>(1,111,385)</b>	<b>(783,956)</b>
<b>Cashflows from Investing Activities</b>				
Cash was provided from:				
Proceeds from sale of fixed assets	-	(33)	-	-
Proceeds from sale of investments	1,025,580	1,025,580	5,684	5,684
Cash was applied to:				
Purchase of fixed assets	(51,738)	-	(72,489)	(9,892)
Patents and trademarks	(87,376)	-	-	-
Increase in loans to investees	-	(1,008,237)	-	(503,879)
<b>Net Cashflows from Investing Activities</b>	<b>886,466</b>	<b>17,310</b>	<b>(66,805)</b>	<b>(508,087)</b>
<b>Cashflows from Financing Activities</b>				
Cash was provided from:				
Proceeds from issue of shares	147,000	147,000	499,491	499,491
<b>Net Cashflows from Financing Activities</b>	<b>147,000</b>	<b>147,000</b>	<b>499,491</b>	<b>499,491</b>
<b>Net increase / (decrease) in cash held</b>	<b>(236,436)</b>	<b>(36,479)</b>	<b>(678,699)</b>	<b>(792,552)</b>
Cash at the beginning of the year	420,050	149,435	1,098,712	942,025
Loss on foreign currency denominated accounts	-	-	37	(38)
<b>Cash at the end of the year <sup>15</sup></b>	<b>183,614</b>	<b>112,956</b>	<b>420,050</b>	<b>149,435</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF CASHFLOWS

for the year ended 31<sup>st</sup> March 2005

## 1. Statement of Accounting Policies

### Reporting Entity

- Sealegs Corporation Limited (the "Company") is a company registered under the Companies Act 1993 and listed on the New Zealand Exchange.
- The Company and its subsidiaries comprise the Group (the "Group").
- The Company is an issuer for the purposes of the Financial Reporting Act 1993. The financial statements of the Company and the Group have been prepared in accordance with the Financial Reporting Act 1993.

### Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position, on a historic cost basis, are followed by the Group.

### Specific Accounting Policies

The following specific accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

#### a) Basis of Consolidation - Purchase Method

Subsidiaries are entities in which the Company has the capacity to determine the financing and operating policies and from which it has an entitlement to significant ownership benefits.

The consolidated financial statements include the parent company and its subsidiaries accounted for using the purchase method. All significant inter-company transactions are eliminated on consolidation. In the company's financial statements investments in subsidiaries are recognised at the lower of cost or net realisable value.

#### b) Associate Companies

Associates are investees (but not subsidiaries or joint ventures) in which the Group has the capacity to affect substantially, but not unilaterally determine, the operating and/or financial policy decisions. Associates have been reflected in the consolidated financial statements on an equity accounting basis which recognises the Group's share of retained surpluses in the consolidated statement of financial performance and its share of post acquisition increases or decreases in net assets, in the consolidated statement of financial position. In the Company's financial statements investments in associates are recognised at cost.

#### c) Intangible Assets

Goodwill represents the excess of the purchase consideration over the fair value of the net tangible and identifiable intangible assets, acquired at the time of acquisition of a business. Goodwill is amortised by the straight-line method over the period during which benefits are expected to be received. Goodwill is amortised over a period not exceeding ten years. The carrying value of goodwill is reviewed by directors on a regular basis for impairment.

Patents and Trademarks are amortised by the straight-line method over a period not exceeding ten years.

#### d) Property, Plant and Equipment

The Group has the following classes of property, plant and equipment:

- |                        |                           |
|------------------------|---------------------------|
| 1. Computer Equipment  | 3. Computer Software      |
| 2. Plant and Equipment | 4. Furniture and Fittings |

All items of property, plant and equipment are initially recorded at cost, including costs directly attributable to bringing the asset to its working condition.

Any expenditure that increases the economic benefits derived from an asset is capitalised. Expenditure on repairs and maintenance that does not increase the economic benefits is expensed in the period it occurs.

When an item of property, plant and equipment is disposed of the difference between net disposal proceeds and the carrying amount is recognised as a gain, or loss, in the statement of financial performance.

Depreciation is provided for on a straight-line basis on all property, plant and equipment items, at depreciation rates calculated to allocate the asset's cost or valuation less estimated residual value, over their estimated useful lives. When an asset is revalued the depreciation charge is calculated on that revalued amount from the date of revaluation.



Major depreciation rates are:

1. Computer Equipment	24% - 30%	3. Computer Software	24% - 30%
2. Plant and Equipment	8% - 24%	4. Furniture and Fittings	8% - 24%

**e) Receivables**

Receivables are stated at their estimated realisable value.

**f) Taxation**

The income tax expense charged to the statement of financial performance includes both the current year's provision and the income tax effect of timing differences calculated using the liability method.

Tax effect accounting is applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

**g) Financial Instruments**

Financial instruments recognised in the statement of financial position include cash balances, receivables, payables and investments. All financial instruments are stated at fair value, and any gain or loss is recognised in the statement of financial performance. No hedging activities are undertaken.

**h) Investments**

Investments are stated at cost. Where the valuation of an individual investment is considered to represent a permanent diminution in value, then the unrealised loss is recognised in the financial statements.

**i) Cash Flows**

For the purpose of the statement of cash flows, cash includes cash on hand, deposits held at call with banks and investments in money market instruments, net of bank overdrafts.

**j) Employee Entitlements**

A liability for annual leave is accrued and recognised in the statement of financial position. The liability is equal to the present value of the estimated future cash outflows as a result of employee services provided at balance date.

**k) Inventories**

Inventories are recognised at the lower of cost, determined on a first-in-first-out basis, and net realisable value. The cost of work in progress and finished goods includes the cost of direct material, direct labour and a proportion of the manufacturing overhead, based on the normal capacity of the facilities, expended in putting the inventories in their present location and condition.

**l) Research and Development Costs**

Research expenditure is recognised in the statement of financial performance in the period that it is incurred. Development costs are deferred where future benefits are expected to exceed those costs, otherwise they are recognised in the statement of financial performance in the period that they are incurred. Deferred development costs are amortised over future periods (not exceeding five years) in relation to expected future revenue in each period. Unamortised costs are reviewed at each balance date to determine the amount (if any) that is no longer recoverable and any amount so identified is written off.

**m) Leases**

Sealegs Group entities lease certain buildings.

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the lease items, are included in the determination of the net surplus in equal installments over the period of the lease.

**n) Foreign Currencies**

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. At balance date foreign monetary assets and liabilities are translated at the closing rate and exchange variations arising from these translations are recognised in the statement of financial performance.

**Changes in Accounting Policies**

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 31<sup>st</sup> March 2005

## 2. Disposal of Investments

During the year ending 31 March 2005, Sealegs Corporation Limited disposed of their investment in DVI Investment Company Limited (2004: Disposal of investment in Golden Orb Technologies Limited).

Summary of the effect of disposal of investments:

	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
Consideration of disposal				
Cash	1,025,580	1,025,580	5,684	5,684
Less carrying value of investment when disposed	1	1	-	-
Gain/(Loss) on sale of investment	1,025,579	1,025,579	5,684	5,684

## 3. Continuing Activities

	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
Continuing Activities				
Operating Revenue	1,549,025	21,014	261,367	-
Operating Surplus (Deficit) before non recurring items	(2,088,933)	(4,601,043)	(2,695,293)	-
Operating Surplus (Deficit)	(2,088,933)	(4,601,043)	(2,695,293)	-
Discontinued Activities				
Operating Revenue	1,025,579	1,025,579	-	226,865
Operating Surplus (Deficit) before non recurring items	1,025,579	1,025,579	-	(4,802,647)
Operating Surplus (Deficit)	1,025,579	1,025,579	-	(4,802,647)
Totals				
Operating Revenue	2,574,604	1,046,593	261,367	226,865
Operating Surplus (Deficit)	(1,063,354)	(3,575,464)	(2,695,293)	(4,802,647)

## 4. Directors' Fees

	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
Total Directors' Fees	87,271	87,271	75,000	75,000



## 5. Income Tax Expense (Benefit)

	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
Operating deficit before taxation	(1,068,912)	(3,581,022)	(2,724,338)	(4,833,306)
Prima facie income tax	(352,741)	(1,181,737)	(899,032)	(1,594,991)
Taxation effect of adjustments	284,806	1,145,804	400,561	1,288,756
Prior year adjustments	(5,558)	(5,558)	-	-
Taxation effect of tax losses/adjustments not previously recognised	-	-	(29,045)	(30,659)
Benefit of tax losses not taken up as an asset	67,935	35,933	498,471	306,235
Tax charge	(5,558)	(5,558)	(29,045)	(30,659)
The Income Tax Expense/(Benefit) is represented by:				
Current Tax	(5,558)	(5,558)	(29,045)	(30,659)
Deferred Tax	-	-	-	-
Income Tax Expense (Benefit)	(5,558)	(5,558)	(29,045)	(30,659)

Sealegs Corporation Limited has tax losses of \$15,736,238 to carry forward. Sealegs Corporation Group has tax losses of \$17,627,532 to carry forward. (2004: In the prior year Sealegs Corporation Limited had tax losses of \$15,968,129 available for set off against future assessable income. Sealegs Corporation Group had tax losses of \$16,729,940). These taxation losses are subject to Inland Revenue Department approval and continued compliance with legislation for the carry forward of tax losses.

## 6. Imputation Credit Account

	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
Balance at beginning of the year	57,959	56,345	36,347	36,347
Transfer from other tax types	6,309	6,309	-	-
RWT payments	174	174	21,612	19,998
Tax Refunds Received	(56,520)	(56,520)	-	-
Balance at end of the year	7,922	6,308	57,959	56,345
At balance date the imputation credits available to the shareholders of the Company were:				
Through direct shareholding in the Company	-	6,308	-	56,345
Through indirect interests in subsidiaries and in-substance subsidiaries	7,922	-	57,959	-
	7,922	6,308	57,959	56,345

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March 2005

## 7. Capital

	MARCH 2005 Group & Parent NZ\$	MARCH 2004 Group & Parent NZ\$
Opening Ordinary Shares	42,039,666 (2004: 302,699,760)	37,128,461
Issued during the year	434,375 (2004: 369,697,758)	147,000
Closing ordinary shares	42,474,041 (2004: 672,397,518)	37,275,461

In November 2004, Sealegs Corporation Limited consolidated its shares at a consolidation ratio of 16:1. Fractional entitlements to ordinary shares arising as a result of the consolidation were rounded up to the nearest whole number.

42,460,165 (2004: 672,175,518) of the ordinary shares are fully paid  
 6,250 (2004: 100,000) of the ordinary shares have \$7.04 (2004: 44c) uncalled  
 5,438 (2004: 87,000) of the ordinary shares have \$10.56 (2004: 66c) uncalled  
 313 (2004: 5,000) of the ordinary shares have \$8.96 (2004: 56c) uncalled  
 1,875 (2004: 30,000) of the ordinary shares have \$4.16 (2004: 26c) uncalled

Total Capital	37,275,461	37,128,461
---------------	------------	------------

All ordinary shares have equal voting rights and share equally in dividends and surplus on winding up. Partly paid shares represent shares originally held in Iddison Holdings Limited. In accordance with the restructuring which occurred on 1 April 1999 these shares were converted to partly paid shares in Sealegs Corporation Limited (previously IT Capital Limited). The values of these shares were adjusted in line with the following ratio; \$1 in Iddison Holdings Limited for \$0.88 in Sealegs Corporation Limited (previously IT Capital Limited).

Participatory options expiring 1 April 2004 - Opening	5,567,500	
Issued	-	
Cancelled	5,567,500	
Participatory options expiring 1 April 2004 - Closing	-	Exercise Price \$2.24
Participatory options expiring 1 April 2004 - Opening	750,000	
Issued	-	
Cancelled	750,000	
Participatory options expiring 1 April 2004 - Closing	-	Exercise Price \$2.72
Participatory options expiring 1 April 2004 - Opening	8,473,958	
Issued	-	
Cancelled	8,473,958	
Participatory options expiring 1 April 2004 - Closing	-	Exercise Price \$3.84
Participatory options expiring 1 April 2004 - Opening	4,002,851	
Issued	-	
Cancelled	4,002,851	
Participatory options expiring 1 April 2004 - Closing	-	Exercise Price \$5.44
Participatory options expiring 1 April 2004 - Opening	1,475,000	
Issued	-	
Cancelled	1,475,000	
Participatory options expiring 1 April 2004 - Closing	-	Exercise Price \$6.08
Participatory options expiring 31 December 2005 - Opening	62,500	
Issued	-	
Cancelled	-	
Participatory options expiring 31 December 2005 - Closing	62,500	Exercise Price \$0.32
Participatory options expiring 08 March 2006 - Opening	-	
Issued	40,000	
Cancelled	-	
Participatory options expiring 08 March 2006 - Closing	40,000	Exercise Price \$0.40
Participatory options expiring 08 March 2007 - Opening	-	
Issued	40,000	
Cancelled	-	
Participatory options expiring 08 March 2007 - Closing	40,000	Exercise Price \$0.40
Participatory options expiring 08 March 2008 - Opening	-	
Issued	40,000	
Cancelled	-	
Participatory options expiring 08 March 2008 - Closing	40,000	Exercise Price \$0.40

Options participate in any restructure of share capital, including cash and bonus issues, on a pro-rata basis. If the above options were exercised, the Company would receive \$68,000 (2004: \$4,902,169).



## 8. Accumulated Deficit

	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
Balance at beginning of the year	(35,097,953)	(32,218,515)	(32,402,660)	(27,415,868)
Net Surplus (deficit) attributable to the				
Shareholders of the company	(1,063,354)	(3,575,464)	(2,695,293)	(4,802,647)
Balance at end of the year	(36,161,307)	(35,793,979)	(35,097,953)	(32,218,515)

## 9. Receivables and Prepayments

	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
Trade Receivables	167,962	-	4,594	4,594
Sundry Receivables	51,457	23,058	23,561	10,488
Inter-Company Receivables	-	1,410,131	-	401,895
Tax Receivable	5,558	5,558	50,657	50,657
Prepayments	24,517	3,334	21,267	329
Total Receivables and Prepayments	249,494	1,442,081	100,079	467,963

## 10. Inventory

	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
Work in Progress	229,074	-	119,065	-
Finished Goods	87,470	-	-	-
Total Inventory	316,544	-	119,065	-

## 11. Property, Plant and Equipment

	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
Computer Equipment	77,247	75,133	77,095	75,102
Accumulated Depreciation	(70,857)	(70,216)	(64,020)	(63,920)
	6,390	4,917	13,075	11,182
Plant and Equipment	119,221	-	75,445	-
Accumulated Depreciation	(27,243)	-	(9,285)	-
	91,978	-	66,160	-
Computer Software	628	-	-	-
Accumulated Depreciation	(188)	-	-	-
	440	-	-	-
Furniture and Fittings	7,180	-	-	-
Accumulated Depreciation	(551)	-	-	-
	6,629	-	-	-
Total Property, Plant and Equipment	105,437	4,917	79,235	11,182

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March 2005

## 12. Investments in Subsidiaries

	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
Investments in Sealegs International Limited	-	-	-	4,357,061
Investments in DVI Investment Co. Limited	-	-	-	1
Investments in Sealegs Middle East Limited	-	-	-	-
<b>Total Investments</b>	-	-	-	<b>4,357,062</b>

	Percentage Held		Balance Date
	2005		2004
Significant Subsidiaries:			
Sealegs International Limited	100%	100%	31 <sup>st</sup> March
DVI Investment Company Limited	0%	100%	31 <sup>st</sup> March
Sealegs Middle East Limited	100%	100%	31 <sup>st</sup> March

### Sealegs International Limited

Sealegs International Limited are manufacturers of amphibious marine craft. The Company is a 100% owned subsidiary of Sealegs Corporation Limited.

### DVI Investment Company Limited

DVI Investment Company Limited is an investment company that held a 19% investment in Deep Video Imaging Limited. In July 2004, DVI Investment Company Limited was sold for NZ\$1,025,580.

### Sealegs Middle East Limited

Sealegs Middle East Limited is a 100% owned subsidiary of Sealegs Corporation Limited. The Company has never traded.

## 13. Associates

	Percentage Held		Balance Date
	2005		2004
Significant Associates:			
Deep Video Imaging Limited	0%	19%	31st March

## 14. Intangibles

	MARCH 2005	MARCH 2004
	Group NZ\$	Group NZ\$
<u>Goodwill</u>	-	-
Cost	3,641,542	3,031,562
Additional Goodwill purchased during the year	-	609,980
Accumulated amortisation	(3,085,076)	(1,871,228)
	<b>556,466</b>	<b>1,770,314</b>

Goodwill is amortised over a period not exceeding ten years from the date of acquisition. The carrying value of goodwill is reviewed on a regular basis for impairment.

	MARCH 2005	MARCH 2004
	Group NZ\$	Group NZ\$
<u>Patents and Trademarks</u>	-	-
Cost	87,376	-
Accumulated amortisation	(8,738)	-
	<b>78,638</b>	<b>-</b>

Patents and Trademarks are amortised over a ten year period.

<b>Total Intangibles</b>	<b>635,104</b>	<b>1,770,314</b>
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## 15. Bank

	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
Cash at bank and on hand	75,932	5,274	396,117	125,502
Bank deposits	107,682	107,682	23,933	23,933
<b>Total Bank</b>	<b>183,614</b>	<b>112,956</b>	<b>420,050</b>	<b>149,435</b>

The New Zealand Exchange Limited holds a NZ\$75,000 deposit for the Group as a normal listing requirement. This amount has not been included in the bank balances above, however has been included in the balances in the Statement of Financial Position.

## 16. Payables and Accruals

	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
Trade payables	247,390	42,542	96,108	9,995
Sundry payables and accruals	113,680	99,112	176,280	133,445
Employee entitlements	6,151	-	7,256	7,256
Deposits on orders	72,000	-	253,592	-
Payable to directors	11,818	11,818	-	-
<b>Total Payables</b>	<b>451,039</b>	<b>153,472</b>	<b>533,236</b>	<b>150,696</b>

## 17. Contingent Liabilities

There were no contingent liabilities at balance date (2004: Nil)

## 18. Commitments

There were no operating lease commitments at balance date (2004: Nil).

## 19. Transactions with Related Parties

During the year Sealegs Corporation Limited made a loan advance of \$1,008,236 to its subsidiary Sealegs International Limited (2004: \$503,879). The balance outstanding as at 31 March 2004 was \$401,895). The loan is repayable on demand, and no interest is charged on the balance.

Platinum Management Limited provides management services to the Group. David McKee Wright and Maurice Bryham are employed by Platinum Management Limited. David McKee Wright is a director of Platinum Management Limited. David McKee Wright and Maurice Bryham also hold significant shareholdings in Sealegs Corporation Limited. Total payments made to Platinum Management during the year were \$300,000 (2004: \$300,000).

## 20. Earnings Per Share

	MARCH 2005	MARCH 2004
	Group & Parent NZ\$	Group & Parent NZ\$
Earnings (deficit) per share (undiluted)	(2.50 cents)	(0.30 cents)
Earnings (deficit) per share (diluted)	(2.50 cents)	(0.29 cents)

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March 2005

## 21. Financial Instruments

Maximum exposures to credit risk at balance date are:

	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
Bank balances	258,615	187,956	495,050	224,435
Receivables	221,298	28,616	78,812	65,739
Payables	451,039	153,472	533,236	150,696

No collateral is held on the above amounts. There are no significant concentrations of credit risk for the parent or group.

### Interest Rate Risk

At 31 March 2005 the Sealegs Corporation Group held the following short-term deposits at fixed rates of interest ranging from 4.0% to 5.1% per annum.

	VALUE NZ\$ Group & Parent	VALUE NZ\$ 2004
Bank Deposit	182,682	98,933

### Fair Values

The estimated fair values of financial instruments are as follows:

	MARCH 2005		MARCH 2004	
	Carrying Amount NZ\$	Fair Value NZ\$	Carrying Amount NZ\$	Fair Value NZ\$
Parent				
Investments - Unlisted	-	-	4,357,062	4,357,062

There are no significant exposures to currency risk for the parent or the group.

The following methods and assumptions were used to estimate the fair value of each class of the following instruments.

Bank Balances, Receivables, Payables and Investments

The carrying value is the fair value for each of these classes of financial instrument.

## 22. Reconciliation of Reported Surplus After Taxation with Net Cash Flows from Operating Activities

	MARCH 2005		MARCH 2004	
	Group NZ\$	Parent NZ\$	Group NZ\$	Parent NZ\$
Reported surplus (deficit) after taxation	(1,063,354)	(3,575,464)	(2,695,293)	(4,802,647)
Add (less) non-cash items and non-operating items:				
Amortisation of goodwill	1,213,848	-	1,213,847	-
Amortisation of patents and trademarks	8,738	-	-	-
Depreciation	25,534	6,296	27,095	20,067
Property, plant and equipment written off	-	-	-	-
Provision for doubtful debts	-	-	-	-
Other	-	4,357,061	9,515	3,905,320
Non Cash Directors Fees	-	-	60,000	60,000
Write down in value of advances to investees	-	-	-	-
(Gain) loss on sale of investments	(1,025,579)	(1,025,579)	-	-
Transfer of shares to employees	-	-	-	-
Foreign exchange gain	-	-	(37)	38
	222,541	3,337,778	1,310,420	3,985,425
Movement in Working Capital				
Increase (decrease) in payables & accruals	99,396	2,779	94,580	48,426
(Increase) decrease in receivables	(152,880)	15,082	33,260	(769)
(Increase) decrease in other current assets	(47,191)	(31,621)	61,778	36,266
Increase (decrease) in tax balance	50,657	50,657	(50,657)	(50,657)
(Increase) decrease in inventory	(197,479)	-	(119,065)	-
Increase (decrease) in income in advance	(181,592)	-	253,592	-
Net cash flows from operating activities	(1,269,902)	(200,789)	(1,111,385)	(783,956)

## 23. Employee Share Ownership Plan

- 3,438 (2004: 55,000) partly paid shares are held by the Employee Share Ownership Plan.
- At 31 March 2005 the options issued had exercise prices ranging between \$0.32 and \$0.40, as determined by management. Directors and associated persons of Directors are excluded from participating in the issue of such options if the issue is a material transaction with a related party, unless the transaction is approved by an ordinary resolution of shareholders and the notice of the meeting approved by an appraisal report.

For the year ended 31 March 2005 the Employee Share Scheme had:

- 6,250 ordinary shares paid to \$0.01 - uncalled \$7.04. 100% of the class.
- 5,438 ordinary shares paid to \$0.01 - uncalled \$10.56. 100% of the class.
- 313 ordinary shares paid to \$0.01 - uncalled \$8.96. 100% of the class.
- 1,875 ordinary shares paid to \$0.01 - uncalled \$4.16. 100% of the class.
- 62,500 options expiring 31 December 2005 - exercise price \$0.32. 100% of the class.
- 40,000 options expiring 08 March 2006 - exercise price \$0.40. 100% of the class.
- 40,000 options expiring 08 March 2007 - exercise price \$0.40. 100% of the class.
- 40,000 options expiring 08 March 2008 - exercise price \$0.40. 100% of the class.

The company has the power to appoint and remove trustees of the Employee Share Scheme. The shares held by employees under the Employee Share Scheme carry the same voting rights as other issued ordinary shares pro-rata to paid up value. There are no advances made by the Company to the employee share ownership plan. Unallocated shares of the employee share ownership plan are not subject to put or call options.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March 2005

## 24. Segment Information

At 31 March 2005 the company operated predominantly in one industry as an amphibious marine craft manufacturing company. All material operations are within New Zealand.

## 25. Unhedged Foreign Currency

At balance date the Group had the following unhedged assets and liabilities:

	MARCH 2005 Group NZ\$	MARCH 2004 Group NZ\$
<u>Receivables</u>		
USD	USD 31,243	-
<u>Payables</u>		
AUD	AUD 9,695	AUD 5,000

## 26. Going Concern

Based on current forecasts, the Directors of Sealegs Corporation Limited have determined that funding of \$1 million will be required to cover the working capital needs for the twelve months from the date of the annual report. The Group has cash of \$183,614 as at 31 March 2005. The Board is undertaking a Rights Issue that it expects will be substantially underwritten. The anticipated net proceeds from the Rights Issue are \$2 million and it is expected to close 24 June 2005.

Given the anticipated proceeds from the Rights Issue, the directors believe the going concern assumption is a valid basis on which to prepare the financial statements.

The Board has reached this conclusion having regard to the circumstances that it considers likely to affect the company and group during the period of one year from 26 May 2005 and to circumstances, which it knows will occur after that date which could affect the validity of the going concern assumption.

If the company and group were unable to continue in operational existence, adjustments would have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts which are currently recorded in the statement of financial position. In addition, liabilities may need to be recognised for costs associated with the realisation process.

The statements of financial performance and of financial position for the company and group do not include any adjustments that would result should the financial support not continue.

## 27. Significant Events After Balance Date

There were no significant events after balance date, other than the company Rights Issue referred to in note 26 above.



### Substantial Security Holders

	Number of Shares Held	Percentage Held
Nada Daisy Bryham & KPMG Legal Trustee Company Ltd	9,150,769	21.55
Kenneth Edward McKee Wright & Christina Carol McKee Wright	6,656,061	15.67
Raphael Chaikin	2,852,284	6.72
Donald Caldwell	2,813,565	6.63
Brian Ernest Taylor	2,711,472	6.39

### Statement of Directors' Interests

Present directors held the following equity securities in the Company:

		Beneficially Held	
		2005	2004
John Robertson	Options \$0.14	-	600,000
	Ordinary	256,750	4,108,000
Donald Caldwell	Options \$0.17	-	300,000
	Ordinary	203,125	3,250,000
Brian Taylor	Ordinary	2,711,472	43,383,542
David McKee Wright	Ordinary	6,656,061	106,496,968

The change in each director's holding is due to the share consolidation that occurred on 22 November 2004.

### Twenty Largest Shareholders as at 31 March 2005

	Number of Shares Held	Percentage Held
Nada Daisy Bryham & KPMG Legal Trustee Company Ltd	9,150,769	21.55
Kenneth Edward McKee Wright & Christina Carol McKee Wright	6,656,061	15.67
Raphael Chaikin	2,852,284	6.72
Brian Ernest Taylor	2,711,472	6.39
Cross Atlantic Capital Partners Inc	1,829,190	4.30
ANZ Nominees Limited	927,426	2.18
Primdonn Nominees Pty Limited	790,000	1.86
The Co Investment 2000 Fund LP	781,250	1.84
Glen James Robinson	626,288	1.47
Johnny Lum	479,110	1.13
Arthur Frederick Whitaker	375,000	0.88
Silver Spur Investments Limited	358,125	0.84
Fraser Wright Maddigan	262,517	0.62
John Struan Robertson	256,750	0.61
Direct Broking Limited	245,877	0.58
Ben John Bernstone & Kevin Rainey	218,531	0.52
Donald Caldwell	203,125	0.48
Robert Warner Seddon Walker & Bridget Johnson & Stuart Ian Atkins	187,500	0.44
Gary Simpson	183,300	0.43
Francis Keegan & Jean Keegan	182,869	0.43
	<b>29,277,444</b>	<b>68.94</b>

Total number of shares on issue	42,474,041	100.00
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## SHAREHOLDER INFORMATION

for the year ended 31<sup>st</sup> March 2005

### Spread of Security Holders as at 31 March 2005

Size of Shareholding	Number of Holders	Percentage	Number of Shares Held
1 - 499	11	0.53	2,299
500 - 999	5	0.24	3,019
1,000 - 1,999	866	41.59	1,177,889
2,000 - 4,999	608	29.20	1,841,050
5,000 - 9,999	282	13.54	1,852,587
10,000 - 49,999	247	11.86	4,446,685
50,000 - 99,999	29	1.39	1,811,930
100,000 - 499,999	25	1.20	4,783,144
500,000 - 999,999	3	0.14	2,197,538
1,000,000 - 99,999,999	6	0.29	24,357,900
	2,082	99.98	42,474,041

### Principal Activities

The principal activity of the Company is the manufacture of amphibious marine craft.

### Directors Holding Office During the Year

Parent:		Subsidiaries:	
Brian Taylor	Appointed 25/09/03	Sealegs International Limited	
David McKee Wright	Appointed 25/09/03	Brian Taylor	Appointed 12/11/03
Donald Caldwell	Appointed 2000	David McKee Wright	Appointed 01/09/03
John Robertson	Appointed 1993	Sealegs Middle East Limited	
Simon Vodanovich	Appointed 15/06/04	Brian Taylor	Appointed 03/02/04
		David McKee Wright	Appointed 03/02/04

### Remuneration of Directors

	Group NZ\$	Parent NZ\$
John Robertson	40,000	40,000
Donald Caldwell	11,818	11,818
David McKee Wright	-	-
Brian Taylor	17,272	17,272
Simon Vodanovich	18,181	18,181

### Remuneration of Employees

	Group	Parent
\$100,001 - 150,000	-	-
\$150,001 - 200,000	-	-
\$200,001 - 250,000	-	-
\$250,001 - 300,000	-	-

There are no employees with remuneration of \$100,000 or more.

### Entries in the Interests Register

#### Directors' Interests

Mr Vodanovich disclosed his interest as a partner of Buddle Findlay, a law firm which from time to time provides legal services to the company.

The company has in place directors' and officers' liability insurance to cover risks normally covered by such policies arising out of acts or omissions of directors or employees of the company in that capacity.

The company has entered into deeds of indemnity with each director pursuant to which it has agreed to indemnify them against liability incurred by them arising out of their acts or omissions in their capacity as a director of the company, subject to certain exceptions which are normal in such indemnities.



### Share Dealings

During the year no directors acquired or disposed of equity securities in the Company.

### Independent Directors

The Board has determined the following Directors to be Independent Directors:

John Robertson  
Simon Vodanovich

The remaining directors are not independent, due to their Substantial Security Holdings.

### Annual General Meeting

The 2005 Annual General Meeting of Sealegs Corporation Limited is to be held on Tuesday 5 July 2005 at 9:00am at the offices of Buddle Findlay, Level 18, PriceWaterhouseCoopers Tower, 188 Quay Street, Auckland.

For and on behalf of the Board:

Handwritten signature of John Robertson in blue ink.

John Robertson  
Director  
26 May 2005

Handwritten signature of David McKee Wright in blue ink.

David McKee Wright  
Director  
26 May 2005



### **Corporate Governance**

The company is committed to a high standard of corporate behaviour and ethics and has adopted a code of ethics and board and audit committee charters. These principles differ from NZX's Corporate Governance Best Practice Code only in that the company has not established a nominations or remuneration committee.

#### **Audit Committee**

J Robertson (Chairman)

D McKee Wright

S Vodanovich

The function of this audit committee is to assist the Board in carrying out its responsibilities regarding management's accounting practices, policies and controls relative to the company's financial results and to review and make appropriate inquiry into the audits of the company's accounts.



Company Number: HN/345055

Date of Incorporation: 16 July 1987

Directors: J Robertson, MBA, BBS (Hons), CA, Chairman  
D Caldwell, BS, MBA, CPA  
D McKee Wright, ACA  
B Taylor  
S Vodanovich, LLB

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Email: info@sealegs.com  
Web: www.sealegs.com

Auditor: Ernst & Young, Auckland, New Zealand

Bankers: ASB Bank Limited, Auckland, New Zealand  
ANZ Banking Group (New Zealand) Limited, Auckland, New Zealand

Share Registry: Computershare Investor Services Limited  
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AUCKLAND 1020  
Ph: (+649) 488 8777  
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Email: enquiry@computershare.co.nz





NOTES



To automatically receive the very latest news and updates from Sealegs you can register your email address at [www.sealegs.com/news.asp](http://www.sealegs.com/news.asp)



Sealegs RAC-Jet prototype under construction



Sealegs on display at the Dubai boat show in March 2005



Sealegs All Terrain Amphibious Craft (ATAC) on mud flats



**SEALEGS CORPORATION LIMITED**

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