Annual Report

(CONSOLIDATED FINANCIAL STATEMENTS)

FOR THE YEAR ENDED 31 MARCH 2023

FUTURE MOBILITY™
SOLUTIONS

powered by innovation

Directors' Statement of Responsibility

The Directors are responsible for ensuring that the consolidated financial statements fairly present the consolidated financial position of the Group as at 31 March 2022 and its consolidated financial performance and consolidated cash flows for the year ended on that date.

The Directors consider that the consolidated financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates and all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the consolidated financial position of the Group and facilitate compliance of the consolidated financial statements with the Financial Markets Conduct Act 2013.

The Directors consider they have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The financial statements presented on the following pages were authorised for issue on 29 July 2023.

For and on behalf of the Board

Eric Series
Director

David McKee Wright
Director

Directory

Company Number

HN/345055

Date of Incorporation

16 July 1987

Directors

Eric Series (Chairman)

Ulrich Gottschling

David Kenneth McKee Wright

Registered Office

16b Parkhead Place Albany, Auckland 0632 New Zealand

Phone	(+64 9) 414 5542
Email	info@futuremobilitysolutions.net
Website	www.futuremobilitysolutions.net

Auditor

Grant Thornton New Zealand Audit Partnership, Auckland, New Zealand

Lawyers

Buddle Findlay, Auckland, New Zealand

Bankers

Bank of New Zealand, Auckland, New Zealand

Share Registry

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142 New Zealand

Phone	(+64 9) 488 8777
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Shareholder Information

Directors Holding Office during the Year

	Appointed
Eric Series	04/08/2010
Ulrich Gottschling	16/02/2018
David Kenneth McKee Wright	25/11/2021

Disclosure of Directors' Interests in Shares

As at 31 March 2023, Directors held the following interests in the shares of the Company:

	Shares
Eric Series	82,297,577

Entries in the Interests Register

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.

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.

There were transactions with directors. Refer Note 17 of the Consolidated Financial Statements for additional information.

Remuneration of Directors and Employees

The Group has recorded a net loss after tax of $0.8m for the year ended 31 March 2023 with shareholders equity of $4.7m as at 31 March 2023. As at 31 March 2023 the Group has cash and cash equivalents of $0.004m.

In terms of shareholder loans, the ability of the Group to settle these debt obligations will either be dependent on the continuing support of major shareholders through the issuance of further debt funding or the renegotiation of the repayment.

The dependencies on a future debt or capital raising or renegotiation of debt repayment terms creates a material uncertainty with respect to meeting the Group’s cash requirements and operate as a going concern. Notwithstanding these dependencies the Directors will continue to support the Group as a going concern.

Remuneration of Directors

In the past, Directors' remuneration is paid in the form of directors' fees. Additional fees are paid in respect of work carried out by directors on the Audit Committee to reflect the additional time and responsibilities involved. Fees paid to directors are subject to shareholder approval. Future Mobility Solutions meets directors' reasonable travel and other costs associated with the Group's business.

The following people held office as a director during the year to 31 March 2023; however none of these people received remuneration during the period:

	Total fees paid
Non-Executive Directors	
Eric Series	$0
Ulrich Gottschling	$0
David Kenneth McKee Wright	$0

Auditor's Fees

Auditors' fees are set out in Note 4 of the Consolidated Financial Statements.

Annual General Meeting

The 2023 Annual General Meeting of Future Mobility Solutions Limited is to be held on 26 August 2023 at 9:00 am.

For and on behalf of the board:

Eric Series
Director

David McKee Wright
Director

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2023

	Note	2023 $ '000s	2022 $ '000s
Continuing operations			
Sale of goods		-	8,011
Rendering of services		-	997
Revenue from customers	1	**-**	**9,008**
Cost of sales and other direct costs		-	(5,045)
Gross margin		**-**	**3,963**
Marketing and distribution costs		-	(1,399)
Research and development costs		-	(829)
Administrative and other expenses		(161)	(3,082)
Other income		808	1,094
Total operating expenses and other income		**647**	**(4,216)**
Earnings before interest, tax, depreciation, amortisation and other items		**647**	**(253)**
Depreciation and amortisation	3	-	(259)
Impairment of advances receivable	3	(1,172)	(1,911)
Profit/(Loss) on disposal of investment		-	4,919
Unrealised foreign currency differences		9	8
Loan receivable write off		(48)	-
Net finance cost	5	(251)	(239)
Loss before tax from continuing operations		**(815)**	**2,265**
Taxation	6	-	-
Loss after tax from continuing operations		**(815)**	**2,265**
Profit / (loss) for the year		**(815)**	**2,265**
Other comprehensive income			
Items that may be reclassified into profit or loss:			
Release of foreign currency translation reserve		-	(278)
Total comprehensive loss for the year		**(815)**	**1,987**
Profit / (loss) after tax attributable to:			
Owners of the parent		(815)	1,987
Non-controlling interests		-	-
Profit / (loss) after tax		**(815)**	**1,987**
Total comprehensive loss attributable to:			
Owners of the parent		(815)	1,987
Non-controlling interests		-	-
Total comprehensive loss		**(815)**	**1,987**
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings / (deficit) per share (cents)	7	(0.29)	0.80
Diluted earnings / (deficit) per share (cents)	7	(0.29)	0.80
Earnings per share for loss from discontinued operations attributable to the ordinary equity holders of the company:			
Basic earnings / (deficit) per share (cents)		-	1.18
Diluted earnings / (deficit) per share (cents)		-	1.18
Earnings per share for profit / (loss) attributable to the ordinary equity holders of the company:			
Basic earnings / (deficit) per share (cents)	7	(0.29)	0.70
Diluted earnings / (deficit) per share (cents)	7	(0.29)	0.70

Consolidated Statement of Financial Position

As at 31 March 2023

	Note	As at 31 March 2023 $ '000s	As at 31 March 2022 $ '000s
ASSETS			
Current assets			
Cash and cash equivalents	8	4	394
Prepayments and other financial assets		-	48
Total current assets		**4**	**442**
Non-current assets			
Other receivables	9	8,387	8,775
Other financial assets		3	3
Total non-current assets		**8,390**	**8,778**
TOTAL ASSETS		**8,394**	**9,220**
LIABILITIES			
Current liabilities			
Trade and other payables	12	788	826
Total current liabilities		**788**	**826**
Non-current liabilities			
Interest bearing loans and borrowings	17	2,944	2,917
Total non-current liabilities		2,944	**2,917**
TOTAL LIABILITIES		**3,732**	**3,743**
NET ASSETS		**4,662**	**5,477**
EQUITY			
Contributed equity	15	64,115	64,115
Accumulated deficit		(59,453)	(58,638)
Foreign currency translation reserve		-	-
Owners of the parent		4,662	5,477
Non-controlling interests		-	-
TOTAL EQUITY		**4,662**	**5,477**

Consolidated Statement of Changes in Equity
For the year ended 31 March 2023

	Note	Contributed equity $ '000s	Accumulated deficit $ '000s	Foreign currency translation reserve $ '000s	Total $ '000s	Non-controlling interests $ '000s	Total equity $ '000s
		------- Attributable to owners of the parent -------					
As at 31 March 2021		**64,115**	**(57,431)**	**278**	**6,962**	**(3,470)**	**3,492**
Profit for the year to 31 March 2022, net of tax		-	(1,207)	-	(1,207)	-	(1,207)
Other comprehensive income for the year, net of tax		-	-	(278)	(278)	3,470	3,192
Total comprehensive income for the year, net of tax		-	(1,207)	(278)	(1,485)	3,470	1,985
As at 31 March 2022		**64,115**	**(58,638)**	**-**	**5,477**	**-**	**5,477**
Profit for the year to 31 March 2023, net of tax		-	(815)	-	(815)	-	(815)
Other comprehensive income for the year, net of tax		-	-	-	-	-	-
Total comprehensive loss for the year, net of tax		-	(815)	-	(815)	-	(815)
As at 31 March 2023		**64,115**	**(59,453)**	**-**	**4,662**	**-**	**4,662**

Consolidated Statement of Cash Flows
For the year ended 31 March 2023

	Note	Year ended 31 March 2023 $ '000s	Year ended 31 March 2022 $ '000s
Cash flows from operating activities			
Receipts from customers		-	6,483
Interest received		-	-
Litigation costs - intellectual property protection		-	-
Payments to suppliers and employees		(230)	(6,645)
Net cash flows (used in) / from operating activities		**(230)**	**(162)**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		-	-
Payments for intangible assets		-	-
Payments for acquisition of subsidiary, net of cash acquired - Lancer		-	-
Net cash flows used in investing activities		**-**	**-**
Cash flows from financing activities			
Proceeds of share issue		-	-
Proceeds from borrowings		250	60
Repayments of borrowings		(70)	-
Repayments of lease liabilities		-	-
Principal repayments for finance lease obligations			
Interest paid		(349)	(200)
Net cash flows from financing activities		**(169)**	**(140)**
Net increase in cash and cash equivalents		**(399)**	**(302)**
Movement in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		394	686
Net (decrease) / increase in cash and cash equivalents		(399)	(302)
Effect of changes in exchange rates		9	10
Cash and cash equivalents at the end of the year		**4**	**394**
Reconciliation of reported net loss with cash flows from operating activities			
Loss after tax from continuing operations		(815)	2,265
Profit / (loss) before income tax including discontinued operations		(815)	2,265
Adjustments for:			
Depreciation, amortisation and impairment	3	1,172	2,170
(Profit) on disposal of subsidiaries		-	(4,919)
Interest expense classified as a financing cash flow		349	200
Net loss on foreign exchange		(9)	(8)
Other items		(889)	523
		623	(2,034)
Net movement in working capital:			
Decrease in other current liabilities excluding borrowings		(38)	(7,530)
(Increase) / decrease in receivables		-	1,055
(Increase) / decrease in inventories		-	5,560
Increase in prepayments and other current assets		-	522
		(38)	(393)
Net cash flows (used in) / from operating activities		**(230)**	**(162)**

Statement of Accounting Policies
For the year ended 31 March 2023

Reporting entity

Future Mobility Solutions Limited (FMS) and its subsidiaries (collectively, the "Group") is a company incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and listed on the Unlisted Securities Exchange. The Company is a FMC Reporting Entity under the Financial Markets Conduct Act 2013 (the "FMCA 2013").

FMS and its joint venture constitute what is an international marine technology group, the primary activity of which is the manufacture and supply of small boats to government, commercial and recreational customers around the world.

These consolidated financial statements were authorised for issue by the Board of Directors.

Basis of preparation

These consolidated financial statements have been prepared on an historical cost basis except where otherwise stated. They are prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP", the requirements of FMCA 2013 and the Market Rules of the Unlisted Securities Exchange). NZ GAAP consists of New Zealand equivalents to International Financial Reporting Standards as appropriate to profit-orientated entities.

Financial information is presented in New Zealand dollars ("NZ dollar") and rounded to the nearest thousand dollars, unless otherwise stated.

Statement of compliance

The consolidated financial statements of the Group comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS) as appropriate for a profit-oriented entity that falls into the Tier 1 for profit category as determined by the New Zealand Accounting Standards Board.

Use of accounting estimates and judgements

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions made and the differences may be material. Significant judgements, estimates and assumptions made by management in the preparation of these consolidated financial statements are discussed within the specific accounting policy or note as shown below:

Area of key estimate or judgement
- The impairment of loan receivables (refer to Note 3)
- Going concern (see Page 3).
- Discount rate applied to deferred consideration of sale of shares (note 20).

Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all periods presented. Comparative information, where necessary, has been reclassified to achieve consistency in disclosure within the current period.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Future Mobility Solutions Limited and its subsidiaries, associates as at 31 March each year (refer Note 19).

Subsidiaries are all those entities over which the Group, directly or indirectly, has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The consolidated financial statements of subsidiaries are prepared for the same reporting period as the parent company and using consistent accounting policies. Subsidiaries cease to be consolidated from the date on which the Group is no longer in control.

In preparing the consolidated financial statements, all inter-company balances and transactions between members of the Group are eliminated in full. The financial statements have been prepared on the basis that there is a joint venture between FMS and Sealegs as from October 2021 until the final payments are received in 2027 for the acquisition.

Foreign currency and translation

Presentation currency

The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates (functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are presented in thousands of New Zealand dollars, which are the presentation currency for the consolidated financial statements and the functional currency of the parent entity.

Transactions and balances

Foreign currency transactions are initially converted into the relevant functional currency using exchange rates approximating those ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are remeasured at the rate of exchange ruling at that date. Foreign exchange gains and losses arising from monetary items that form part of the net investment in subsidiaries are recognised initially in foreign currency translation reserve and will be reclassified from equity to profit or loss, on disposal of the net investment in that subsidiary. All other foreign exchange gains and losses arising on remeasurement are included in profit or loss within the Consolidated Statement of Comprehensive Income.

Translation

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated in to the presentation currency as follows:

a) assets and liabilities for each Consolidated Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;

b) income and expenses for each Consolidated Statement of Comprehensive Income are translated using the average monthly exchange rate (being a reasonable approximation of the rates prevailing on the transaction date); and

c) all resulting exchange differences are recognised in "Other comprehensive income".

The principal exchange rates used for transaction and translation purposes in respect of one NZ dollar are:

	Average rate for the year ended		Closing rate as at	
	31 March 2023	**31 March 2022**	**31 March 2023**	**31 March 2022**
US dollar	**0.6255**	0.6935	**0.6275**	0.6997
Euro	**0.6000**	0.6246	**0.5749**	0.6935

Going concern

The consolidated financial statements have been prepared on a going concern basis.

The Group has recorded a net loss after tax of $0.8m for the year ended 31 March 2023 with shareholders equity of $4.6m as at 31 March 2023. As at 31 March 2023 the Group has cash and cash equivalents of $0.004m. There is a concentration of finance receivables of $8.4m from three entities. The Group current liabilities exceed the current assets by $0.8m.

The dependency on a future debt or capital raising or renegotiation of debt repayment terms creates a material uncertainty with respect to meeting the Group’s cash requirements and may cast doubt on the Company's ability to operate as a going concern. Notwithstanding these dependencies the Directors will continue to support the Group as a going concern.
The related parties have agreed to not require full repayment of the advances until at least August 2024.

Accordingly the Directors believe the going concern assumption is valid and have reached this conclusion having regard to the circumstances which they consider likely to affect the Group during the period of one year from the date these financials are approved, and to circumstances which they believe will occur after that date which could affect the validity of the going concern assumption.

If the Group was unable to continue in operational existence, and pay debts as and when they become due and payable, adjustments would have to be made to reflect the situation that assets may need to be realised and liabilities extinguished, other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the consolidated statement of financial position.

Significant accounting policies (cont...)

Impairment

Non-financial assets

Non-financial assets are reviewed at each reporting date to determine whether there are any indicators that the assets may be impaired. If any indication exists, or when annual impairment testing is required for an asset, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Impairment losses relating to non-financial assets are reported as an impairment charge in the Statement of Comprehensive Income.

Financial assets

The treatment of impairment losses relating to financial assets is detailed in the individual notes.

Financial instruments, risk management objectives and policies

The Group's principal financial instruments comprise loans, borrowings, trade and other payables, trade and other receivables and cash, measured at amortised cost. Refer to the individual accounting policies for initial and subsequent measurement of these financial instruments.

The main purpose of these financial instruments is to raise finance and provide working capital for the Group's operations.

Financial assets and liabilities are recognised on the consolidated statement of financial position when the Group becomes a party to the contractual provision of the instrument.

The Group manages its exposure to key financial risks, including credit risk, liquidity risk, interest rate risk and currency risk. The objective is to identify, define, measure and record interest rate and foreign exchange risks by the various categories and to manage each risk. Its objective is to minimise the impact of adverse market movements across the whole business, as part of the overall business strategy to reduce risk in the business.

The Group uses different methods to measure and manage different types of risks to which it is exposed.

Primary responsibility for identification and control of financial risks rests with management including managing each of the risks identified below.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities (including deposits with banks).

The Group's exposure to credit risk arises from the potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note). Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk.

The Group credit risk is concentrated with three parties (refer Note 9).

Foreign currency risk

Foreign currency risk is the risk that the value of the Group's assets, liabilities and financial performance will fluctuate due to changes in foreign currency.

The Group is primarily exposed to currency risk as a result of its payable of NZ$2.9m equivalent in USD and loans receivable of NZD $6.3m equivalent in USD.

At 31 March, had the New Zealand Dollar moved as illustrated in the following table with all other variables held constant, post tax loss and equity would have been affected as follows:

	Impact on 2023 reporting year		Impact on 2022 reporting year	
	Change in profit/(loss) $ '000s	Change in equity $ '000s	Change in profit/(loss) $ '000s	Change in equity $ '000s
NZD/USD +5%	169	147	170	276
NZD/USD -5%	(169)	(147)	(170)	(276)

Significant accounting policies (cont...)
Liquidity risk

Liquidity risk represents the Group's ability to meet contractual cash flow obligations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of leases, committed available credit lines and potential share issues.

The Group manages its liquidity risk by monitoring the total cash outflows expected on a monthly basis. The following tables set out the contractual cash flows for all financial liabilities on an undiscounted basis:

Year ended 31 March 2023	Notes	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Total
		$ '000s	$ '000s	$ '000s	$ '000s	$ '000s
Trade and other payables	12	788	-	-	-	788
Total financial liabilities		**788**	**-**	**-**	**-**	**788**

Year ended 31 March 2022	Notes	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Total
		$ '000s	$ '000s	$ '000s	$ '000s	$ '000s
Trade and other payables	12	826	-	-	-	826
Total financial liabilities		**826**	**-**	**-**	**-**	**826**

Fair value of financial assets and liabilities
The carrying amount of financial assets and liabilities is considered a reasonable approximation of fair value.

1. Revenue from customers

Revenue arises mainly from the sale of goods, contracts to construct machines specific to customer requirements and service of machines. To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when and as its performance obligations is satisfied.

Contract revenue and service revenue
The Group enters into agreements with customers to construct boats specific to that customer's requirements in exchange for a fixed fee and recognises the related revenue at a point in time or over time depending on the type of contract. Due to the high degree of interdependence between the various elements of these projects, they are accounted for as a single performance obligation. When a contract also includes promises to perform after-sales services, the total transaction price is allocated to each of the distinct performance obligations identifiable under the contract on the basis of their relative stand-alone selling prices.

Revenue arising from all other boat sales, repairs, sale of goods or spares is recognised when the goods are transferred to the customer and the customer has control of the goods, which is upon delivery. Therefore revenue is recognised in the consolidated statement of comprehensive income at the time of delivery. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods when the performance obligation has been satisfied.

When payments received from customers exceed revenue recognised to date on a particular contract, any excess (a contract liability) is reported in the consolidated statement of financial position under other liabilities.

Revenue in 2022 reflects the operations of the Sealegs group until 06/10/21 when FMS sold an additional 55% of its shares in Sealegs. Transactions with Sealegs are recorded in the financial statements using equity accounting.

The Group's revenue disaggregated by primary geographical markets is as follows:

	2023 $ '000s	2022 $ '000s
New Zealand	-	6,581
USA	-	2,427
Total revenue from customers	**-**	**9,008**

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

	2023 $ '000s	2022 $ '000s
Recognised at a point in time	-	8,011
Sales of goods	**-**	**8,011**
Recognised at a point in time	-	997
Rendering of services	**-**	**997**
Total revenue from customers	**-**	**9,008**

2. Operating expenses

a) Employee costs

	2023 $ '000s	2022 $ '000s
Wages and salaries	-	1,680
Total employee costs	**-**	**1,680**

Employee costs for the reporting period are NIL and included in operating expenses $1.7m for the period 2022.

b) Other operating expenses

	2023 $ '000s	2022 $ '000s
Profit/(Loss) on disposal of investment	-	4,919
Net gain/(loss) on disposal of property, plant and equipment	-	3
Net losses on foreign exchange	9	8
Total other operating expenses	**9**	**4,930**

3. Depreciation, amortisation and impairment

	Note	2023 $ '000s	2022 $ '000s
Depreciation of property, plant and equipment		-	259
Total depreciation and amortisation		**-**	**259**
Provision for impairment Willard loan	9	912	913
Provision for impairment Sealegs loan	9	260	998
Total impairment		**1,172**	**1,911**

4. Payable to auditors

	2023 $ '000s	2022 $ '000s
Audit of financial statements	55	55
Other audit firms		
Tax compliance	-	**14**
Total auditors remuneration	**55**	**69**

5. Net Finance Cost

Accounting policy

Interest revenue and interest expense are recognised using the effective interest rate method. All borrowing costs are recognised as an expense in the period they are incurred, as there are no qualifying assets against which interest is able to be capitalised.

	2023 $ '000s	2022 $ '000s
Interest revenue	**-**	**-**
From related party loans	(251)	(239)
Finance costs	**(251)**	**(239)**
Net finance cost	**(251)**	**(239)**

6. Taxation

Accounting policy

Income tax expense comprises current and deferred tax. Income tax is recognised in the profit or loss component of the income statement. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of the previous year.

	2023 $ '000s	2022 $ '000s
Loss from continuing operations before income tax	(815)	2,265
	(815)	2,265
Prima facie tax at 28%	(228)	634
Tax effect amounts which are not deductible/(taxable):		
Temporary differences	68	-
Amortisation and impairment of intangible assets	-	73
Loan impairments	328	535
Gain on disposal of subsidiaries	-	(1,377)
Utilisation of prior year tax losses brought forward	(168)	135
	-	**-**

Tax losses not recognised	2023 $ '000s
Prior year tax losses brought forward	1,242
Utilisation of tax losses in current period	(600)
	642
Potential tax benefit at 28%	180

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the tax loss carry forward rules are met.

7. Earnings / (deficit) Per Share

Accounting policy

Basic earnings / (deficit) per share is calculated by dividing the net profit / (loss) for the year attributable to the parent by the weighted average number of ordinary shares outstanding during the year. The weighted number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time-weighting factor.

Diluted earnings / (deficit) per share additionally considers the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. The group has no instruments that would be dilutive.

The earnings / (deficit) per share from continuing operations for the years ended 31 March was as follows:

	2023 '000s	2022 '000s
Loss attributable to ordinary shareholders from continuing operations	(815)	2,265
Less non-controlling interests	-	-
Loss attributable to ordinary shareholders from continuing operations ($ '000s)	**(815)**	**2,265**
Weighted average number of ordinary shares issued	282,704	282,704

	2023 Cents	2022 Cents
Basic earnings / (deficit) per share	(0.29)	0.80
Diluted earnings / (deficit) per share	(0.29)	0.80

8. Cash and cash equivalents

Accounting policy

Cash and cash equivalents comprise cash balances and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The carrying amount of cash and cash equivalents represent the fair value.

Bank overdrafts are classified as interest bearing loans and borrowings in the Consolidated Statement of Financial Position and for the purpose of the Consolidated Statement of Cash Flows.

Short-term deposits earn interest at floating rates based on daily bank deposit rates.

Cash and cash equivalents as at 31 March comprise the following:

	2023 $ '000s	2022 $ '000s
Cash at bank, in transit and in hand	4	394
Total cash and cash equivalents	**4**	**394**

Cash and cash equivalents as at 31 March are held in the following currencies:

	2023 $ '000s	2022 $ '000s
New Zealand dollar	4	394
Total cash and cash equivalents	**4**	**394**

9. Trade and other receivables

The Group makes use of a simplified approach in accounting for trade receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assess impairment of trade receivables on a collective basis (grouped based on the days past due), as they possess shared credit risk characteristics. Debts which are known to be uncollectible are written off.

Trade and other receivables as at 31 March was as follows:

	Note	2023 $ '000s	2022 $ '000s
Non Current assets			
Other receivable - David McKee Wright		1,439	1,439
Sealegs loan receivable	17	1,880	2,009
less Provision for impairment on Sealegs loan	17	(1,258)	(998)
Willard loan receivable		8,152	7,239
less Provision for impairment on Willard loan		(1,826)	(913)
		8,387	**8,776**

For the period FY23 Sealegs Group liabilities $11.6m exceeded its assets $10.3m by $1.3m. A provision for impairment of $1.3m was recorded against the Sealegs Loan receivable.

The provision for impairment on the Willard loan receivable constituted of management fees and interest charges. A provision for impairment of
$1.8m was recorded against the Willard loan receivable.

The Directors of FMS are engaged in ongoing discussions with the key stakeholders of Willard. The stakeholders of Willard have acknowledged the loan and the remaining balance of $6.3m is expected to be recovered. If the position on the recoverability of the loan should change in the future the directors of FMS will inform accordingly.

Movements in the allowance for credit losses were as follows:

	2023 $ '000s	2022 $ '000s
Balance as at 1 April	-	(331)
Loss allowance for the year	-	-
Amounts written off	-	-
Adjustment on disposal of subsidiaries	-	331
Balance as at 31 March	**-**	**-**

The credit risk management policy is disclosed in the Statement of Accounting Policies. The maximum exposure to credit risk is the carrying amount of receivables. The directors do not consider there to be any expected credit losses in addition to the credit losses recorded above.

10. Share in joint venture accounted for using the equity method

In October 2021, FMS sold 55% of its shares to David McKee Wright for $2.75m. FMS retained investment of 25% in Sealegs is recorded at its fair value in the financial statements as from 4th October 2021. The management of FMS considers that no Goodwill be recognised for March 2023.

	2023 $ '000s
Net losses for the period ended 31 March 2023	(750)
Negative equity value of Sealegs as at 31 March 2023	(2,946)
25% investment in Sealegs	-

As the associate recorded a loss and it is in a negative equity position for the period FY23, no investment has been recognised in the financial statements for the period FY23.

11. Interest Bearing Loans and Borrowings

Accounting policy

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated using the effective rate method whereby any discount, premium or transaction costs associated with borrowing are amortised to the Consolidated Statement of Comprehensive Income over the borrowing period. 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.

Interest bearing loans and borrowings consisted of the following at 31 March:

	Note	2023 $ '000s	2022 $ '000s
Current			
Loans from related parties	17	2,944	2,917
Total non-current interest bearing loans and borrowings		**2,944**	**2,917**
Total			
Loans from related parties	17	2,944	2,917
Total interest bearing loans and borrowings		**2,944**	**2,917**

Movements in bank loans and overdrafts were as follows:

	2023 $ '000s	2022 $ '000s
Balance as at 1 April	-	591
Adjustment on disposal of subsidiaries	-	(591)
Balance as at 31 March	**-**	**-**

For detail relating to related party loans, refer to note 17.

Total borrowings at 31 March were held in the following currencies:

	Current		Non-current	
	2023 $ '000s	2022 $ '000s	2023 $ '000s	2022 $ '000s
US dollar equivalent	2,944	2,917	-	-
Total interest bearing loans and borrowings	**2,944**	**2,917**	**-**	**-**

12. Trade and Other Payables

Accounting policy

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

The Group operates an unfunded defined benefit pension plan for the French employees of Sillinger. The plan is a final salary plan, and is in accordance with the collective bargaining agreement for the nautical industry. The cost of providing benefits under the plan is determined using the projected unit credit method.

The Group also utilises defined contribution pension plans. The Group's contributions to such plans are charged to the income statement in the period to which the contributions relate.

Trade and other payables consisted of the following at 31 March:

	Note	2023 $ '000s	2022 $ '000s
Trade payables		64	114
Related party payables	17	543	563
Sundry payables and accruals		181	149
Total trade and other payables		**788**	**826**
Current		788	826
Non-current		-	-
Total trade and other payables		**788**	**826**

For terms and conditions relating to related party payables refer to note 17.

13. Deferred Revenue

Accounting policy

Deferred revenue reflects deposits received for boat purchases. Deposits on orders are held as a current liability on the Consolidated Statement of Financial Position until such time that revenue from the sale is recognised in profit or loss.

	2023 $ '000s	2022 $ '000s
Deferred revenue as at 1 April	-	4,674
Adjustment on disposal of subsidiaries	-	(4,674)
Deferred revenue as at 31 March	**-**	**-**

14. Warranty Provisions

Accounting policy

General

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the provision can be reliably measured. When the Group expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Consolidated Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money was to be material, the provision would be discounted using a current pre-tax rate that reflects the time value of money and is specific to the liability.

	2023 $ '000s	2022 $ '000s
Balance as at 1 April	-	321
Adjustments on disposal of subsidiaries	-	(321)
Balance as at 31 March	**-**	**-**

15. Contributed Equity

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The shares are fully paid and have no par value. All ordinary shares have equal voting rights and share equally in dividends and surplus on winding up. There are no uncalled shares as at 31 March 2023 (2022: nil).

Movements in ordinary shares on issue

	Shares	$
Ordinary shares (issued and authorised) as at 31 March 2021	282,703,502	64,114,817
Ordinary shares issued	-	-
Ordinary shares (issued and authorised) as at 31 March 2022	**282,703,502**	**64,114,817**
Ordinary shares (issued and authorised) as at 31 March 2022	282,703,502	64,114,817
Ordinary shares issued	-	-
Ordinary shares (issued and authorised) as at 31 March 2023	**282,703,502**	**64,114,817**

Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. The capital structure of the Group consists of Shareholders' Equity and debt.

No dividends were paid or declared in the 2023 reporting period (2022: nil). Directors do not plan to pay dividends for the foreseeable future.

16. Subsidiaries, Associates and Joint Ventures

	Country of incorporation	Percent held 2023	Percent held 2022
Lancer Industries Limited	New Zealand	25%	25%
Sealegs Europe S.A.S.	France	25%	25%
Sealegs International Limited	New Zealand	25%	25%
Sealegs (US) Corporation	United States of America	25%	25%

17. Related Party Transactions

a) Transactions with related parties

During the year, the following related party loan transactions took place between the Company and its related parties:

	Sealegs $ '000s	Avenport $ '000s	Oryx $ '000s
Balance as at 31 March 2021	**(5,188)**	**1,140**	**1,707**
Loans advanced	-	60	-
Repayments and interest	840	(200)	-
Loan write off	2,398	-	-
Impairment	998	-	-
Interest receivable / accrued	(59)	88	122
Effect of foreign currency translation		2	-
Balance as at 31 March 2022	**(1,011)**	**1,090**	**1,829**
Loans advanced	-	-	-
Repayments and interest	261	(419)	-
Loan write off	-	-	-
Impairment	260	-	-
Interest receivable / accrued	(133)	82	136
Effect of foreign currency translation		89	136
Balance as at 31 March 2023	**(623)**	**842**	**2,101**
Interest rate per annum	5.00%	11.93%	11.93%
Security	Unsecured	Unsecured	Unsecured

All loan providers above are shareholders of the company. Mark Broadley is a director of Oryx Investments. Eric Series is a director of Avenport Investment Corporation. Related Parties have confirmed that they will not demand full repayment of their advances for the foreseeable future. FMS has made advances to Sealegs; this amount receivable attracts a 5% interest charge per annum and has no fixed terms for repayment.

18. Contingent Liabilities

Sealegs International Limited was served with a $6.8 million damages claim in December 2020, following a case it lost on appeal. Sealegs International Limited originally won a copyright injunction against the claimants in the high court. That decision was overturned by the Court of Appeal in August 2019 and Sealegs International Limited was unsuccessful in applying for leave to appeal to the Supreme Court. In May 2020 Sealegs International Limited made a payment of $400,000 in court costs to the claimant. This was recorded in the 31 March 2020 financial statements as an adjusting event. In February 2021 Sealegs International Limited filed a counterclaim in the high court. In May 2022 Sealegs received a revised settlement offer; the outcome on this revised offer is still pending. FMS is not a party to this litigation and the directors of FMS consider there is no obligation to FMS in respect of this matter.

19. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity is set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2023
Sealegs Group	New Zealand	25%

Summarised statement of financial position for 31 March 2023.

	Sealegs Group 31-Mar-23 $ '000s
Revenue from external customers	26,509
Revenue from customers	**26,509**
Cost of sales and other direct costs	(16,828)
Gross margin	**9,681**
Total operating expenses and other income	**(10,190)**
Earnings before interest, tax, depreciation, amortisation and other items	**(509)**
Depreciation and amortisation	(241)
Profit / (loss) before tax	**(750)**
Profit / (loss) after tax from continuing operations	**(750)**

	31-Mar-23 $ '000s
Net liabilities	**(2,946)**

Since the time of sale of the majority of shares in October 2021, Sealegs group has been accounted for as a joint venture by equity accounting method.

20. Sale of shares in Sealegs

Loss of control of Sealegs International Limited

In October 2021 an agreement for sale and purchase of 55 shares (55%) in Sealegs International Limited was executed between Future Mobility Solutions Limited and the Chief Executive Officer. The consideration was $2,750,000, which is to be reduced by a pro-rata amount of any settlement of litigation between Orion and Sealegs (refer Note 18). The gain on sale reflects the recognition of the receivable for the sale of the shares and the impact of de-consolidating Sealegs on the date of disposal.

Initial payment of $100,000 was due within 30 days of the date of the sale and purchase agreement, with an annual payment amount determined based on a formula, with the final reference date being 31 March 2027 and final payment due by 30 September 2027. There is no interest charged on the purchase price.

If the full $2.75m purchase price for the shares is paid on or before 30 September 2027, Future Mobility Solutions will enter into further discussions on the possibility to forgive any remaining debt (which accrues interest at a rate of 5% per annum) owed to it by Sealegs International Limited. The amount receivable is recorded at a Net Present Value using a discounted rate of 12%.

The sale and purchase agreement establishes a shareholder's agreement between Future Mobility Solutions and the purchaser which results in Sealegs International Limited being in a joint arrangement with Future Mobility Solutions until the earlier of 30 September 2027 or until the full purchase price is paid. The directors considered whether to present the disposal of shares as discontinued operations; however, they thought it more relevant to report as consolidated up until the date of disposal.

21. Events subsequent to reporting date

There have been no other matters or circumstances, which have arisen since reporting date that has significantly affected or may significantly affect:
a) the operations, in financial years subsequent to 31 March 2023, of the Group, or
b) the results of those operations, or
c) the state of affairs, in financial years subsequent to 31 March 2023, of the Group.

A D Danieli Audit Pty Ltd

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Auditor's Independence Declaration
To the Directors of Future Mobility Solutions Limited
And Controlled Entities

I declare that, to the best of our knowledge and belief, during the year ended 31 March 2023, there have been no contraventions of:

i. the auditor independence requirements as set out in the *Financials Markets Conduct Act 2013* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

A D DANIELI AUDIT PTY LTD

Danieli

Sam Danieli

Sydney, 20 July 2023

A D Danieli Audit Pty Ltd

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Independent Auditor's Report
To the Shareholders of
Future Mobility Solutions Limited

Report on the Audit of the Consolidated Financial Statements

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Future Mobility Solutions Limited and its subsidiaries (together, "the Group"), which comprise the consolidated statements of financial position as at 31 March 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report. We have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements in accordance with the *Financial Markets Conduct Act* and New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Material Uncertainty Related to Going Concern

We draw attention to significant accounting policies in the financial report, which indicates that the Company incurred a net loss of $0.815 million during the year ended 31 March 2023 and, as of that date, the Company's current liabilities exceeded its current assets by $0.784 million. As stated in the significant accounting policies, these events or conditions, along with other matters as set forth in the significant accounting policies, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Basis for Disclaimer of Opinion

The consolidated financial statements include material balances for which we have been unable to obtain sufficient appropriate audit evidence:

a) The Group had a loan receivable from Willard including accrued interest of $8.152 million with a provision for impairment of $1.826 million (net balance of $6.326 million) as at 31 March 2023 (Refer to Note 9). We were unable to obtain sufficient appropriate audit evidence to form an opinion on the amount of the provision for impairment for this loan.

We consider the impact of the above matter to be material and pervasive to the consolidated financial statements of the Group.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit on the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing (New Zealand) and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Company in accordance with Professional and Ethical Standard (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Report on Other Legal and Regulatory Requirements

There are no matters to report.

Who We Report to

This report is made solely to the Group's members, as a body. Our audit work has been undertaken so that we might state to the Group's members those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members, as a body, for our audit work, for this report or any of the opinions we have formed.

The engagement director on the audit resulting in this independent auditor's report is Sam Danieli.

Restriction on Distribution and Use

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditor's report and no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

For and on behalf of:

Danieli

A D Danieli Audit Pty Ltd
Sam Danieli
Registered Auditor NZ: AUD289
Sydney, 20 July 2023