

GRAND BANKS YACHTS LIMITED

(Registration No.: 197601189E)



GRAND BANKS

Fourth Quarter And Full Year Unaudited Financial Statements for the Period Ended 30 June 2016

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT (UNAUDITED) - in SGD

	Group			Group		
	3-Month Period Ended 30-Jun-16 \$'000	3-Month Period Ended 30-Jun-15 \$'000	Inc / (Dec) %	12-Month Period Ended 30-Jun-16 \$'000	12-Month Period Ended 30-Jun-15 \$'000	(i) Inc/(Dec) %
Revenue	15,978	13,675	16.8	58,667	39,190	49.7
Cost of sales	(14,450)	(13,139)	10.0	(48,470)	(35,317)	37.2
Gross Profit	<u>1,528</u>	<u>536</u>	185.1	<u>10,197</u>	<u>3,873</u>	163.3
Selling and marketing expenses	(1,277)	(1,346)	(5.1)	(4,548)	(3,947)	15.2
Administrative expenses	(817)	(896)	(8.8)	(3,862)	(3,655)	5.7
Other operating expenses	(69)	(277)	(75.1)	(628)	(1,007)	(37.6)
Total operating expenses	(2,163)	(2,519)	(14.1)	(9,038)	(8,609)	5.0
(Loss)/Profit from operations	<u>(635)</u>	<u>(1,983)</u>	(68.0)	<u>1,159</u>	<u>(4,736)</u>	(124.5)
Other non-operating (expense)/income, net	(376)	(444)	(15.3)	109	198	(44.9)
(Loss)/Profit before tax	<u>(1,011)</u>	<u>(2,427)</u>	(58.3)	<u>1,268</u>	<u>(4,538)</u>	(127.9)
Tax credit/(expense)	1,018	(16)	N.m	702	(261)	(369.0)
Net profit/(loss) for the period	<u><u>7</u></u>	<u><u>(2,443)</u></u>	(100.3)	<u><u>1,970</u></u>	<u><u>(4,799)</u></u>	(141.1)

N.m - Percentage / Computation not meaningful

(i) Includes contributions from Palm Beach Motor Yacht Co Pty Ltd ("PBMV") arising from the acquisition of PBMV on 1 August 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) - in SGD

	Group		Group	
	3-Month Period Ended 30-Jun-16 \$'000	3-Month Period Ended 30-Jun-15 \$'000	12-Month Period Ended 30-Jun-16 \$'000	12-Month Period Ended 30-Jun-15 (i) \$'000
				Inc/(Dec) %
Net (loss)/profit for the period	7	(2,443)	1,970	(4,799) (141.1)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Net currency translation differences of financial statements of foreign subsidiaries	(779)	(1,561)	(1,431)	(3,162) (54.7)
Total Comprehensive Income for the period	<u>(772)</u>	<u>(4,004)</u>	<u>539</u>	<u>(7,961)</u> (106.8)

(i) Includes contributions from Palm Beach Motor Yacht Co Pty Ltd ("PBM") arising from the acquisition of PBM on 1 August 2014.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION (UNAUDITED) - in SGD

	Group		Company	
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	19,080	10,966	–	–
Subsidiaries	–	–	29,712	29,609
Goodwill	6,725	6,930	–	–
Intangible assets	1,870	2,153	–	–
Deferred tax assets	1,438	307	–	–
	<u>29,113</u>	<u>20,356</u>	<u>29,712</u>	<u>29,609</u>
Current assets				
Inventories	16,318	17,887	–	–
Trade and other receivables (i)	1,527	307	10,016	10,892
Prepayments	1,480	1,686	14	7
Investment held-for-trading	302	310	302	310
Cash and cash equivalents	16,350	21,701	1,227	5,089
	<u>35,977</u>	<u>41,891</u>	<u>11,559</u>	<u>16,298</u>
Total assets	<u>65,090</u>	<u>62,247</u>	<u>41,271</u>	<u>45,907</u>
Current liabilities				
Trade and other payables (ii)	13,412	14,323	239	4,423
Hire purchase payable	20	27	–	–
Provision for warranty claims	1,181	1,295	–	–
Interest bearing loans and borrowings (iii)	752	–	–	–
Current tax payables	315	193	–	–
	<u>15,680</u>	<u>15,838</u>	<u>239</u>	<u>4,423</u>
Non-current liabilities				
Deferred tax liabilities	1,105	1,606	–	–
Interest bearing loans and borrowings (iii)	2,830	–	–	–
	<u>3,935</u>	<u>1,606</u>	<u>–</u>	<u>–</u>
Total liabilities	<u>19,615</u>	<u>17,444</u>	<u>239</u>	<u>4,423</u>
Capital and reserves				
Share capital	42,999	42,999	42,999	42,999
Share-based compensation reserve	323	190	323	190
Accumulated profits/(losses)	28,867	26,897	(2,290)	(1,705)
Foreign currency translation reserve	(26,714)	(25,283)	–	–
Total equity	<u>45,475</u>	<u>44,803</u>	<u>41,032</u>	<u>41,484</u>
Total equity and liabilities	<u>65,090</u>	<u>62,247</u>	<u>41,271</u>	<u>45,907</u>

- (i) Group trade and other receivables as at 30 June 2016 were higher due to billings in June 2016 for which payment were received after year end.
- (ii) In connection with the PBMV acquisition, payables as at 30 June 2015 include an accrued amount of S\$4.1 million for the earn-out payment as PBMV's combined net profits before tax for the years ended 30 June 2014 and 30 June 2015 exceeded the required threshold of A\$2.64 million. The amount was paid in October 2015.
- (iii) Refer to 1(b)(ii) below.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Group's borrowings as at 30 June 2016 were S\$3.6 million (30 June 2015 : Nil) for the partial financing of the renewal consideration for the lease extension of the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia.

Detail of any collateral

The Group's borrowings are secured by charge on the lease of the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia and corporate guarantee by the Company.

- 1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) - in SGD

	Group		Group	
	3-Month Period Ended 30-Jun-16 S'000	3-Month Period Ended 30-Jun-15 S'000	12-Month Period Ended 30-Jun-16 S'000	12-Month Period Ended 30-Jun-15 S'000
Operating activities				
Profit/(Loss) after taxation	7	(2,443)	1,970	(4,799)
<i>Adjustments for:-</i>				
Depreciation of property, plant and equipment	714	584	2,725	2,067
Amortisation of intangible assets	30	134	219	564
Loss on disposal of property, plant and equipment	-	-	-	3
Property, plant and equipment written off	4	11	4	15
Reversal of impairment loss on a property	(222)	-	(222)	-
Allowance/(Reversal) of inventory obsolescence	954	(3)	802	36
Interest income	(49)	(15)	(77)	(51)
Provision for warranty claims	286	178	830	584
Fair valuation loss on quoted debt securities held-for-trading	2	1	8	12
Fair value change of contingent consideration	-	(74)	-	(74)
Equity-settled share based expense	25	34	133	48
Tax (credit)/expense	(1,018)	16	(702)	261
Unrealised foreign exchange gain	(65)	(1,436)	(348)	(1,436)
	<u>668</u>	<u>(3,013)</u>	<u>5,342</u>	<u>(2,770)</u>
<i>Changes in working capital:</i>				
Decrease/(Increase) in inventories	2,949	2,260	(558)	3,082
Decrease/(Increase) in trade and other receivables	662	(35)	(1,015)	1,955
Decrease/(Increase) in prepayments	285	545	113	(674)
Increase in trade and other payables	940	2,188	4,008	1,907
	<u>5,504</u>	<u>1,945</u>	<u>7,890</u>	<u>3,500</u>
Net cash from operations	(351)	(29)	(565)	(60)
Net income tax paid	(221)	(186)	(870)	(775)
Cash flows from operating activities	<u>4,932</u>	<u>1,730</u>	<u>6,455</u>	<u>2,665</u>
Investing activities				
Interest received	46	14	59	60
Acquisition of a subsidiary (ii)	-	-	(3,985)	(3,433)
Purchase of property, plant and equipment	(6,493)	(1,315)	(11,225)	(3,031)
Proceeds from previously restricted cash/(Restricted cash) (iii)	-	-	4,800	(4,800)
Cash flows used in investing activities	<u>(6,447)</u>	<u>(1,301)</u>	<u>(10,351)</u>	<u>(11,204)</u>
Financing activities				
Receipt of unclaimed dividends	-	-	-	3
Repayment of hire purchase liability	(5)	(1)	(7)	(5)
Repayment of loan (iv)	-	-	-	(1,756)
Deposits pledged	-	1,604	-	779
Proceeds from interest bearing loans and borrowings	3,600	-	3,600	-
Cash flows from/(used in) financing activities	<u>3,595</u>	<u>1,603</u>	<u>3,593</u>	<u>(979)</u>
Net increase/(decrease) in cash and cash equivalents	<u>2,080</u>	<u>2,032</u>	<u>(303)</u>	<u>(9,518)</u>
Cash and cash equivalents at beginning of period	14,552	13,999	16,754	25,678
Effect of exchange rate changes on balances held in foreign currency	(418)	723	(237)	594
Cash and cash equivalents at end of period (v)	<u>16,214</u>	<u>16,754</u>	<u>16,214</u>	<u>16,754</u>

- (i) Includes contributions from Palm Beach Motor Yacht Co Pty Ltd ("PBM") arising from the acquisition of PBM on 1 August 2014.
- (ii) Relates to the acquisition of PBM - first cash payment in August 2014 and second and final cash payment in October 2015.
- (iii) Amounts were placed in escrow in July 2014 for the potential earn-out payment if PBM's combined net profits before tax for the years ended 30 June 2014 and 30 June 2015 are equal to or more than AUD2.64 million. The amounts were released from Escrow in October 2015.
- (iv) As part of the acquisition, the Group repaid A\$1.5 million for a loan made to PBM.

	30-Jun-16	30-Jun-15
(v) Cash and cash equivalents per statement of cash flows (S\$'000)	16,214	16,754
Restricted cash (S\$'000)	-	4,800
Deposits pledged (S\$'000)	136	147
Cash and cash equivalents per the statements of financial position (S\$'000)	<u>16,350</u>	<u>21,701</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) - in SGD

Group	Share capital \$'000	Share-based compensation reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits/(loss) \$'000	Total \$'000
At 1-Jul-2014	41,251	142	(22,121)	31,693	50,965
Total comprehensive income for the year					
Loss for the year	-	-	-	(4,799)	(4,799)
<i>Other comprehensive income</i>					
Translation differences relating to financial statements of foreign subsidiaries	-	-	(3,162)	-	(3,162)
Total other comprehensive income	-	-	(3,162)	-	(3,162)
Total comprehensive income for the year	-	-	(3,162)	(4,799)	(7,961)
Transactions with owners, recorded directly in equity					
Issue of new shares (i)	1,748	-	-	-	1,748
Equity-settled performance shares	-	48	-	-	48
Receipt of unclaimed dividends	-	-	-	3	3
At 30-Jun-2015	42,999	190	(25,283)	26,897	44,803
At 1-Jul-2015	42,999	190	(25,283)	26,897	44,803
Total comprehensive income for the year					
Profit for the year	-	-	-	1,970	1,970
<i>Other comprehensive income</i>					
Translation differences relating to financial statements of foreign subsidiaries	-	-	(1,431)	-	(1,431)
Total other comprehensive income	-	-	(1,431)	-	(1,431)
Total comprehensive income for the year	-	-	(1,431)	1,970	539
Transactions with owners, recorded directly in equity					
Equity-settled performance shares	-	133	-	-	133
At 30-Jun-2016	42,999	323	(26,714)	28,867	45,475
Company					
At 1-Jul-2014	41,251	142	(455)		40,938
Total comprehensive income for the year					
Loss for the year	-	-	(1,253)		(1,253)
Total comprehensive income for the year	-	-	(1,253)		(1,253)
Transactions with owners, recorded directly in equity					
Issue of new shares (i)	1,748	-	-		1,748
Equity-settled performance shares	-	48	-		48
Receipt of unclaimed dividends	-	-	3		3
At 30-Jun-2015	42,999	190	(1,705)		41,484
At 1-Jul-2015	42,999	190	(1,705)		41,484
Total comprehensive income for the year					
Profit for the year	-	-	(585)		(585)
Total comprehensive income for the year	-	-	(585)		(585)
Transactions with owners, recorded directly in equity					
Equity-settled performance shares	-	133	-		133
At 30-Jun-2016	42,999	323	(2,290)		41,032

(i) Represents the estimated fair value of the shares paid in connection with the acquisition of PBMV in accordance with FRS 103 *Business Combinations*.

- 1(d) (ii) **Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes to the Company's share capital during the three months ended 30 June 2016 (30 June 2015: No change).

There are no outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of immediately preceding financial year.

- 1(d) (iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.**

The Company did not hold any treasury shares as at 30 June 2016 and 30 June 2015. The Company's share capital consists of 184,034,649 ordinary shares as at 30 June 2015 (30 June 2015: 184,034,649 ordinary shares).

- 1(d) (iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company did not have any treasury shares during the period under review.

2. **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period, as those of the most recent audited financial statements for the financial year ended 30 June 2015.

During the year, the Group changed its production processes, its sales model and its billing arrangement with its customers. Arising from these changes, the Group was able to estimate the outcome of the construction contracts and the probable flow of the economic benefits to the Group earlier in the production process of the boats as compared to prior year's estimation. The changes resulted in increase of revenue by S\$5.0 million and the resultant gross profit of S\$1.6 million for the current financial year.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The adoption of the new/amended FRS which became effective from 1 July 2015 does not have any significant impact on the financial statements.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividend.

	3-Month Period Ended 30-Jun-16	3-Month Period Ended 30-Jun-15	12-Month Period Ended 30-Jun-16	12-Month Period Ended 30-Jun-15 (i)
Earnings/(Loss) per ordinary share for the financial period based on net loss attributable to shareholders: -				
- on weighted average number of ordinary shares in issue (cents)	0.00	(1.32)	1.07	(2.62)
- on a fully diluted basis (cents)	0.00	(1.32)	1.07	(2.62)

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the :-

(a) Current period reported on; and
(b) Immediately preceding financial year.

	Group	Company
	Jun-16	Jun-15 (i)
Net asset value per ordinary share based on existing issued share capital at the end of the respective financial period/year (cents)	24.71	24.34
		22.30
		22.54

(i) Includes contributions from Palm Beach Motor Yacht Co Pty Ltd ("PBMV") arising from the acquisition of PBMV on 1 August 2014.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**

- a) **Any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors.**

Revenue

Revenue for the quarter ended 30 June 2016 ("4Q FY2016") increased 16.8% to S\$16.0 million from S\$13.7 million for the quarter ended 30 June 2015 ("4Q FY2015") as more yachts achieved construction milestones for revenue recognition due to changes to its production processes, sales model and billing arrangement and as the Group sold three inventory yachts.

Revenue for the full year ended 30 June 2016 ("FY2016") increased 49.7% to S\$58.7 million from S\$39.2 million a year ago ("FY2015"), with more yachts sold, more orders received and more yachts achieving construction milestones.

Gross profit

Gross profit for 4Q FY2016 increased 185.1% to S\$1.5 million from S\$0.5 million in 4Q FY2015, while gross profit margin rose to 9.6% from 3.9%.

For FY2016, gross profit more than doubled to S\$10.2 million from S\$3.9 million for FY2015, while gross profit margin increased to 17.4% from 9.9%.

The higher margins were a result of initiatives undertaken by the Group to integrate its two brands – Grand Banks and Palm Beach – following the acquisition of Palm Beach Motor Yacht Co Pty Ltd ("PBM Y") in August 2014. These initiatives included the streamlining of internal and operational efficiencies, adoption of a factory-direct sales model, increased marketing efforts and the enhancement of manufacturing processes. The write back of impairment loss on a company-owned hostel in Malaysia of S\$0.2 million also contributed to the higher margins. This was partially offset by provision for raw materials of approximately S\$1.0 million as part of integration process and development of new models.

Operating expenses

Total operating expenses decreased to S\$2.2 million for 4Q FY2016 from S\$2.5 million for 4Q FY2015, due mainly to lower professional fees. Other non-operating expenses stemmed from foreign exchange losses in 4Q FY2016 as the U.S. dollar weakened against the Malaysia ringgit, Australia dollar and Singapore dollar.

For FY2016, total operating expenses increased to S\$9.0 million from S\$8.6 million in FY2015, due mainly to higher boat demonstration expenses, boat show expenses and bonus provision.

Taxation

The tax credit in 4Q FY2016 arose from the recognition of deferred tax assets from unutilized tax losses and capital allowances of a subsidiary company. It is probable that sufficient taxable profits will be available in the foreseeable future which will allow the subsidiary company to utilize the tax benefits to offset its tax expenses.

Profit

As a result of the higher revenue, gross profit margin and deferred tax credit, the Group broke even in 4Q FY2016. It incurred a net loss of S\$2.4 million for 4Q FY2015.

For FY2016, the Group achieved a net profit of S\$2.0 million, partly contributed by deferred tax credit, reversing a net loss of S\$4.8 million for FY2015.

PBM Y was profitable in 4Q FY2016 and FY2016.

- b) **Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of Financial Position

Non-current assets increased to S\$29.1 million as at 30 June 2016 from S\$20.4 million as at 30 June 2015 due primarily to the extension of the lease on the Pasir Gudang manufacturing yard of approximately S\$6.2 million, capitalization of development costs of new yacht models of approximately S\$2.1 million and the recognition of deferred tax assets of approximately S\$0.9 million. Current assets decreased to S\$36.0 million as at 30 June 2016 from S\$41.9 million as at 30 June 2015 due partly to lower cash and cash equivalents following the capital expenditure mentioned above.

Total liabilities increased to S\$19.6 million as at 30 June 2016 from S\$17.4 million as at 30 June 2015 mainly due to partial financing for the lease extension of the Pasir Gudang manufacturing yard.

Review of Cash Flows

The Group's cash flow from operations rose to S\$4.9 million for 4Q FY2016 from S\$1.7 million for 4Q FY2015, mainly due to the sale of inventory yachts worth S\$3.6 million. Cash flows used in investing activities increased to S\$6.4 million for 4Q FY2016 from S\$1.3 million for 4Q FY2015 mainly due to a renewal consideration of approximately S\$6.2 million for the lease extension of the manufacturing yard in Pasir Gudang. Cash flows from financing activities increased to S\$3.6 million in 4Q FY2016 from S\$1.6 million in 4Q FY2015 as the Group financed part of the lease renewal consideration with bank borrowings.

On a full-year basis, cash flow from operations more than doubled to S\$6.5 million in FY2016 from S\$2.7 million in FY2015. This was largely attributable to the reversal to net profit in FY2016 and the increase in payables as the Group ramped up manufacturing.

Cash flows used in investing activities for FY2016 amounted to S\$10.4 million due to the final payment of the consideration for the acquisition of PBM, the lease renewal of the manufacturing yard in Pasir Gudang, and the development of new yacht models. In comparison, cash flows used in investing activities were S\$11.2 million in FY2015.

The Group had S\$3.6 million in cash inflows from financing activities in FY2016 as it financed part of the lease renewal consideration with bank borrowings.

Cash and cash equivalents decreased to S\$16.4 million as at 30 June 2016 from S\$21.7 million as at 30 June 2015 despite the strong cash flow from operations due to the Group investing in its future i.e. the development of new yacht models and the lease extension of the Pasir Gudang manufacturing yard.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

In its earlier guidance, the Group expected its FY2016 performance to be better than the previous year's. The Group reported a net profit of S\$2.0 million for FY2016, reversing a net loss of S\$4.8 million for FY2015.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Having successfully integrated the operations of its two brands, the Group believes it is well positioned for further growth over the next 12 months. Various initiatives undertaken in recent years – including the launch of new boat models and adoption of a factory-direct sales model – are also expected to underpin the Group's future performance.

In the year under review, the Group replaced the practice of customers trading in boats for new yachts at discounted prices with a boat brokering model. By directly brokering boats, the Group no longer holds trade-in yacht inventory. This eliminates overtrade risks and lines up with its direct sales model.

The Group's order book remained healthy, at S\$34.1 million as at 30 June 2016. The Group received orders for all four of its new yacht models – Grand Banks 60, Eastbay 44 and 52 and Palm Beach 42. It will participate in the Newport International Boat Show (September 15-18), Norwalk Boat Show (September 22-25), Annapolis Boat Show (October 6-10) and Fort Lauderdale International Boat Show (November 3-7).

As announced on 13 April 2016, the Group signed a 30-year land lease renewal for its manufacturing yard in Pasir Gudang, Johor, Malaysia. The new lease expires on 29 October 2052, allowing the Group to continue operating many years from now.

The Group is mindful of volatility in foreign exchange rates, in particular, movements of the Malaysian Ringgit ("RM") and Australian dollar ("AUD") against the U.S. dollar ("USD"). A significant portion of the Group's revenues is derived in USD, while its manufacturing costs are mostly in RM and AUD.

11. Dividend

a) Current Financial Period Reported on 30 June 2016

Any dividend declared for the current financial year reported on?

No.

b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

12. If no dividend has been declared / recommended, a statement to that effect.

No dividend has been declared.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained from shareholders for IPT.

Mr. Mark Jonathon Richards, the Group's Chief Executive Officer, owns the manufacturing facility at Berkeley Vale, Sydney, Australia. This facility is leased to PBMV, one of the Group's subsidiary companies. For the period from 1 April 2016 through 30 June 2016, the monthly rental amount paid by PBMV for use of the manufacturing facility was approximately S\$20,000. The transaction has been reviewed by the Risk Management & Audit Committee ("RMAC") of the Company, and the RMAC is of the view that the terms of the transaction is on normal commercial terms, and is not prejudicial to the interest of the Company and its minority shareholders.

14. Negative confirmation by the Board pursuant to Rule 705(5).

Not applicable for announcement of full year financial statements.

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Reconciliation							
	Manufacturing and trading segment		Corporate		Elimination		Consolidated	
	\$'000	12-month year ended 30-Jun-15	\$'000	12-month year ended 30-Jun-15	\$'000	12-month year ended 30-Jun-15	\$'000	12-month year ended 30-Jun-15
Revenue & expenses								
External revenue	58,667	39,190	-	-	-	-	58,667	39,190
Inter-segment revenue	-	-	632	-	(632)	-	-	-
Total revenue	<u>58,667</u>	<u>39,190</u>	<u>-</u>	<u>632</u>	<u>(632)</u>	<u>-</u>	<u>58,667</u>	<u>39,190</u>
Segment results								
Depreciation & amortisation	5,311	(145)	(596)	(1,777)	-	-	4,715	(1,922)
Allowance of inventory obsolescence	(2,944)	(2,601)	-	(30)	-	-	(2,944)	(2,631)
Reversal of impairment loss on a property	(802)	(36)	-	-	-	-	(802)	(36)
Interest income	222	-	-	-	-	-	222	-
	66	34	11	17	-	-	77	51
Operating profit/(loss) before tax	1,853	(2,748)	(585)	(1,790)	-	-	1,268	(4,538)
Income tax expense	702	(230)	-	(31)	-	-	702	(261)
Segment profit/(loss)	<u>2,555</u>	<u>(2,978)</u>	<u>(585)</u>	<u>(1,821)</u>	<u>-</u>	<u>-</u>	<u>1,970</u>	<u>(4,799)</u>

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Revenue contribution by sales regions is shown below:

	Group		Group	
	12-Month Year Ended 30-Jun-16 \$'000	% of Total Revenue	12-Month Year Ended 30-Jun-15 \$'000	% of Total Revenue
USA	46,071	78.6	21,997	56.1
Europe *	205	0.3	2,944	7.5
Australia	9,938	16.9	8,100	20.7
Singapore	-	-	5,981	15.3
Japan	2,453	4.2	168	0.4
Total Revenue	58,667	100.0	39,190	100.0

* comprises England (2015 : Denmark & England)

17. A breakdown of revenue:

	Group		
	12-Month Year Ended 30-Jun-16 \$'000	12-Month Year Ended 30-Jun-15 \$'000	Change %
(a) Revenue reported for the first half of the financial year	25,432	19,195	32.5
(b) Profit/(Loss) reported for the first half of the financial year	1,588	(1,212)	(231.0)
(c) Revenue reported for the second half of the financial year	33,235	19,995	66.2
(d) Profit/(Loss) reported for the second half of the financial year	382	(3,587)	(110.6)

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	12-Month Year Ended 30-Jun-16 \$'000	12-Month Year Ended 30-Jun-15 \$'000	Change %
	Final dividend net of tax	Nil	Nil

19. Report of persons occupying managerial positions who are related to a director, chief executive officer or substantial shareholder

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company wishes to confirm that, to the best of its knowledge, belief and information, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or the chief executive officer or substantial shareholder of the Company.

20. The status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use.

Not applicable.

21. Confirmation that the issuer has procured undertakings from all directors and executive officers pursuant to Rule 720 (1).

The Company has procured undertakings from all its directors and executive officers as required by Rule 720(1).

By Order of the Board
GRAND BANKS YACHTS LIMITED

Chiam Heng Huat
Chief Financial Officer
29 August 2016