

# GRAND BANKS YACHTS LIMITED

(Registration No.: 197601189E)



GRAND BANKS

## Fourth Quarter And Full Year Unaudited Financial Statements for the Year Ended 30 June 2019

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-19 S'000	3-Month Period Ended 30-Jun-18 S'000	Inc / (Dec) %	12-Month Period Ended 30-Jun-19 S'000	12-Month Period Ended 30-Jun-18 S'000	Inc/(Dec) %
Revenue	25,659	14,824	73.1	79,568	81,965	(2.9)
Cost of sales	(22,718)	(9,491)	139.4	(62,635)	(61,602)	1.7
<b>Gross Profit</b>	<b>2,941</b>	<b>5,333</b>	<b>(44.9)</b>	<b>16,933</b>	<b>20,363</b>	<b>(16.8)</b>
Selling and marketing expenses	(1,689)	(2,498)	(32.4)	(8,909)	(9,861)	(9.7)
Administrative expenses	(1,048)	(1,431)	(26.8)	(4,718)	(4,755)	(0.8)
Other operating expenses	(286)	(159)	79.9	(778)	(680)	14.4
Total operating expenses	(3,023)	(4,088)	(26.1)	(14,405)	(15,296)	(5.8)
<b>Profit from operations</b>	<b>(82)</b>	<b>1,245</b>	<b>(106.6)</b>	<b>2,528</b>	<b>5,067</b>	<b>(50.1)</b>
Other non-operating (expense)/income, net	(243)	(66)	> 100	(679)	291	> 100
Finance costs	(245)	(44)	> 100	(628)	(161)	> 100
<b>Profit before tax</b>	<b>(570)</b>	<b>1,135</b>	<b>N.m</b>	<b>1,221</b>	<b>5,197</b>	<b>(76.5)</b>
Tax credit/(expense)	692	3,662	(81.1)	278	3,681	> 100
<b>Net profit for the period</b>	<b>122</b>	<b>4,797</b>	<b>(97.5)</b>	<b>1,499</b>	<b>8,878</b>	<b>(83.1)</b>

Note - The comparative periods have been restated due to the Group's adoption of SFRS(I) 15 using the retrospective approach whereby revenue is recognised progressively based on the cost-to-cost method (see Paragraph 5 of this announcement).

N.m - Percentage / Computation not meaningful

**Additional information to the income statement:**

	Group		Group		
	3-Month Period Ended 30-Jun-19 \$'000	3-Month Period Ended 30-Jun-18 \$'000	12-Month Period Ended 30-Jun-19 \$'000	12-Month Period Ended 30-Jun-18 \$'000	Inc/(Dec) %
Allowance of inventory obsolescence	(294)	(693)	(321)	(821)	(60.9)
Depreciation of property, plant and equipment	(1,151)	(764)	(3,643)	(3,283)	11.0
Amortisation of intangible assets	(31)	(33)	(126)	(134)	(6.0)
Foreign exchange loss, net	(291)	(296)	(819)	(63)	N.m
Interest income included in other non-operating income	6	9	23	39	(41.0)
Interest expense included in finance costs	245	44	628	161	> 100
Property, plant and equipment written off	(42)	(67)	(213)	(135)	57.8
Tax:					
- current tax credit/(expense)	234	(125)	82	(278)	N.m
- deferred tax credit	458	3,787	196	3,959	(95.1)

*N.m - Percentage / Computation not meaningful*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) - in SGD

	Group		Group	
	3-Month Period Ended 30-Jun-19 \$'000	3-Month Period Ended 30-Jun-18 \$'000 <i>Restated</i>	12-Month Period Ended 30-Jun-19 \$'000	12-Month Period Ended 30-Jun-18 \$'000 <i>Restated</i>
<b>Net profit for the period</b>	122	4,797	1,499	8,878
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Net currency translation differences of financial statements of foreign subsidiaries	(835)	362	(1,814)	1,342
<b>Total Comprehensive Income for the period</b>	<u>(713)</u>	<u>5,159</u>	<u>(315)</u>	<u>10,220</u>
				<b>Inc/(Dec) %</b>
				(83.1)
				N.m
				(103.1)

*N.m - Percentage / Computation not meaningful*

**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**

	<b>Group</b>		<b>Company</b>	
	<b>30-Jun-19</b>	<b>30-Jun-18</b>	<b>30-Jun-19</b>	<b>30-Jun-18</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current assets</b>		<i>Restated</i>		
Property, plant and equipment	32,163	29,957	–	–
Subsidiaries	–	–	38,016	38,016
Goodwill	6,361	6,757	–	–
Intangible assets	1,401	1,619	–	–
Deferred tax assets	4,998	4,963	–	–
	<u>44,923</u>	<u>43,296</u>	<u>38,016</u>	<u>38,016</u>
<b>Current assets</b>				
Inventories	27,978	23,963	–	–
Contract assets	10,525	1,458	–	–
Trade and other receivables	502	5,777	7,843	5,983
Prepayments	866	1,254	102	20
Current tax recoverable	124	–	–	–
Cash and cash equivalents	8,552	8,437	22	73
	<u>48,547</u>	<u>40,889</u>	<u>7,967</u>	<u>6,076</u>
<b>Total assets</b>	<u>93,470</u>	<u>84,185</u>	<u>45,983</u>	<u>44,092</u>
<b>Current liabilities</b>				
Contract liabilities	9,492	8,571	–	–
Trade and other payables	9,975	10,773	374	412
Provision for warranty claims	2,469	2,070	–	–
Interest bearing loans and borrowings (i)	8,399	433	–	–
Deferred consideration (i)	480	465	–	–
Current tax payables	–	212	–	–
	<u>30,815</u>	<u>22,524</u>	<u>374</u>	<u>412</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	422	669	–	–
Interest bearing loans and borrowings (i)	5,005	2,037	–	–
Deferred consideration (i)	2,126	2,628	–	–
	<u>7,553</u>	<u>5,334</u>	<u>–</u>	<u>–</u>
<b>Total liabilities</b>	<u>38,368</u>	<u>27,858</u>	<u>374</u>	<u>412</u>
<b>Capital and reserves</b>				
Share capital	43,045	43,045	43,045	43,045
Share-based compensation reserve	381	370	381	370
Accumulated profits	12,148	11,570	2,183	265
Foreign currency translation reserve	(472)	1,342	–	–
<b>Total equity</b>	<u>55,102</u>	<u>56,327</u>	<u>45,609</u>	<u>43,680</u>
<b>Total equity and liabilities</b>	<u>93,470</u>	<u>84,185</u>	<u>45,983</u>	<u>44,092</u>

(i) Refer to 1(b)(ii) below.

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

	<u>30-Jun-2019</u>	<u>30-Jun-2018</u>
	<u>\$'000</u>	<u>\$'000</u>
Interest bearing loans and borrowings - short-term	8,399	433
Deferred consideration - short-term	480	465
Interest bearing loans and borrowings - long-term	5,005	2,037
Deferred consideration - long-term	2,126	2,628
	<u>16,010</u>	<u>5,563</u>

Group's borrowings as at 30 Jun 2019 were S\$16.0 million (30 June 2018 : S\$5.6 million) for the partial financing of the renewal consideration for the lease extension of the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia, the partial financing of the acquisition in May 2018 of Stuart Yacht Corporation (SYC) and partial financing of three inventory boats.

**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, corporate guarantee by the Company, charge on the shares of SYC and charge on three inventory boats.

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-19 S'000	3-Month Period Ended 30-Jun-18 S'000	12-Month Period Ended 30-Jun-19 S'000	12-Month Period Ended 30-Jun-18 S'000
<b>Operating activities</b>				
Profit after taxation	122	4,797	1,499	8,878
<i>Adjustments for:-</i>		<i>Restated</i>		<i>Restated</i>
Depreciation of property, plant and equipment	1,151	764	3,643	3,283
Amortisation of intangible assets	31	33	126	134
Transfer of property, plant and equipment	–	125	–	125
Property, plant and equipment written off	42	67	213	135
Allowance made for slow moving materials	294	693	321	821
Allowance of slow moving materials written off	–	(233)	–	(233)
Interest income	(6)	(9)	(23)	(39)
Interest expense	245	44	628	161
Provision for warranty claims	2,241	559	3,488	1,778
Equity-settled share based expense	3	3	11	11
Tax (credit)/expense	(692)	(3,662)	(278)	(3,681)
Unrealised foreign exchange loss	(680)	(482)	(364)	(217)
	<u>2,751</u>	<u>2,699</u>	<u>9,264</u>	<u>11,156</u>
<i>Changes in working capital:</i>				
Decrease/(Increase) in inventories	8,836	(7,408)	(4,721)	(8,247)
(Increase)/Decrease in contract assets	(6,911)	4,836	(9,227)	1,301
Decrease/(Increase) in trade and other receivables	1,443	(2,963)	4,957	(5,024)
Decrease/(Increase) in prepayments	231	505	358	(97)
Increase/(Decrease) in contract liabilities	4,256	(3,457)	3,001	(41)
(Decrease)/Increase in trade and other payables	(2,532)	5,104	(1,849)	2,011
Net cash from operations	<u>8,074</u>	<u>(684)</u>	<u>1,783</u>	<u>1,059</u>
Net income tax paid	(19)	(281)	(215)	(244)
Warranty claims paid	(1,278)	(470)	(3,007)	(960)
<b>Cash flows from/(used in) operating activities</b>	<u>6,777</u>	<u>(1,435)</u>	<u>(1,439)</u>	<u>(145)</u>
<b>Investing activities</b>				
Interest received	6	9	23	39
Purchase of property, plant and equipment	(814)	(3,286)	(6,927)	(8,249)
<b>Cash flows used in investing activities</b>	<u>(808)</u>	<u>(3,277)</u>	<u>(6,904)</u>	<u>(8,210)</u>
<b>Financing activities</b>				
Interest paid	(191)	(43)	(574)	(157)
Dividend Paid	–	–	(921)	–
Repayment of deferred consideration (i)	(115)	–	(461)	–
Repayment of interest bearing loans and borrowings (i)	(2,077)	(51)	(2,517)	(360)
Proceeds from interest bearing loans and borrowings	1,651	–	12,815	–
<b>Cash flows (used in)/from financing activities</b>	<u>(732)</u>	<u>(94)</u>	<u>8,342</u>	<u>(517)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>5,237</u>	<u>(4,806)</u>	<u>(1)</u>	<u>(8,872)</u>
Cash and cash equivalents at beginning of period	3,591	11,185	8,305	15,741
Effect of exchange rate changes on balances held in foreign currency	(403)	1,926	121	1,436
<b>Cash and cash equivalents at end of period (ii)</b>	<u>8,425</u>	<u>8,305</u>	<u>8,425</u>	<u>8,305</u>

(i) The repayment of loans and borrowings relates to the Group's borrowings for the partial financing of the renewal consideration for the lease extension of the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia, the partial financing of the acquisition of Stuart Yacht Corporation and partial financing of three inventory boats.

	<u>30-Jun-19</u>	<u>30-Jun-18</u>
(ii) Cash and cash equivalents per statement of cash flows (S\$'000)	8,425	8,305
Deposits pledged (S\$'000)	127	132
Cash and cash equivalents per the statements of financial position (S\$'000)	<u>8,552</u>	<u>8,437</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**

	Share capital \$'000	Share-based compensation reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits/(loss) \$'000	Total \$'000
<b>Group - Restated</b>					
At 1-Jul-2017 - as previously reported	43,045	359	(27,577)	29,388	45,215
Effect of adoption of SFRS(I) 1	-	-	27,577	(27,577)	-
Effect of adoption of SFRS(I) 15	-	-	-	881	881
Adjusted balance at 1-Jul-2017	43,045	359	-	2,692	46,096
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	8,878	8,878
<b>Other comprehensive income</b>					
Translation differences relating to financial statements of foreign subsidiaries	-	-	1,342	-	1,342
Total other comprehensive income	-	-	1,342	-	1,342
<b>Total comprehensive income for the period</b>	-	-	1,342	8,878	10,220
<b>Transactions with owners, recorded directly in equity</b>					
Equity-settled performance shares	-	11	-	-	11
At 30-Jun-2018	43,045	370	1,342	11,570	56,327
At 1-Jul-2018 - as previously reported	43,045	370	(26,235)	38,851	56,031
Effect of adoption of SFRS(I) 1	-	-	27,577	(27,577)	-
Effect of adoption of SFRS(I) 15	-	-	-	296	296
Adjusted balance at 1-Jul-2018	43,045	370	1,342	11,570	56,327
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	1,499	1,499
<b>Other comprehensive income</b>					
Translation differences relating to financial statements of foreign subsidiaries	-	-	(1,814)	-	(1,814)
Total other comprehensive income	-	-	(1,814)	-	(1,814)
<b>Total comprehensive income for the period</b>	-	-	(1,814)	1,499	(315)
<b>Transactions with owners, recorded directly in equity</b>					
Equity-settled performance shares	-	11	-	-	11
Final dividend paid in respect of financial year ended 30 June 2018 of 0.05 cents per share one-tier tax exempt (30 June 2017 : Nil)	-	-	-	(921)	(921)
At 30-Jun-2019	43,045	381	(472)	12,148	55,102
<b>Company</b>					
At 1-Jul-2017	43,045	359	(986)		42,418
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	1,251		1,251
<b>Total comprehensive income for the period</b>	-	-	1,251		1,251
<b>Transactions with owners, recorded directly in equity</b>					
Equity-settled performance shares	-	11	-		11
At 30-Jun-2018	43,045	370	265		43,680
At 1-Jul-2018	43,045	370	265		43,680
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	2,839		2,839
<b>Total comprehensive income for the period</b>	-	-	2,839		2,839
<b>Transactions with owners, recorded directly in equity</b>					
Equity-settled performance shares	-	11	-		11
Final dividend paid in respect of financial year ended 30 June 2018 of 0.05 cents per share one-tier tax exempt (30 June 2017 : Nil)	-	-	(921)		(921)
At 30-Jun-2019	43,045	381	2,183		45,609

- 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 2019 (30 June 2018: No change).

There were 3,300,000 outstanding options as at 30 June 2019 (30 June 2018: 3,300,000 options).

Except for the above, there are no outstanding convertibles as at the end of the current financial year 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 2019 and 30 June 2018. The Company's share capital consists of 184,234,649 ordinary shares as at 30 June 2019 (30 June 2018: 184,234,649 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.**

Except as disclosed in paragraph 5 below, 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 2018.

- 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.**

During the year, the Group adopted Singapore Financial Reporting Standards (International) (SFRS(I)s). The unaudited financial statements have been prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Standards (International)* has been applied.

Previously, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (FRS). An explanation of how the transition to SFRS(I) 1 and application of SFRS(I) 9 which has no material impact on the measurement of the Groups financial assets and liabilities and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is described below:

Adoption of SFRS(I) 1:

The Group has elected the option to reset its cumulative foreign currency translation reserves (FCTR) of S\$27.6 million losses to nil as at 1 July 2017, the date of transition, and reclassified to accumulative profits.

The Group has also elected to change its inventory valuation policy from first-in-first-out to weighted average. The impact is insignificant.

<b>Group</b>			
<b>30 Jun 2018</b>			
	As previously reported S\$'000	Adoption of SFRS(I) 1 S\$'000	As restated S\$'000
Accumulated profits/(losses)	38,851	(27,577)	11,274
Foreign currency translation reserve	(26,235)	27,577	1,342

Adoption of SFRS(I) 15:

The Group has adopted SFRS(I) 15 using the retrospective approach. The Group applied all of the requirements of SFRS(I) 15 retrospectively, except for practical expediency with regard to completed contracts. Completed contracts that began and ended within the same annual reporting period, as well as completed contracts as at 1 July 2017, were not restated.

Under SFRS(I) 15, revenue is recognised progressively based on the cost-to-cost method. The impact on the comparative information (i.e. revenue, cost of sales, contract assets, contract liabilities and accumulated profits) is as follows:

**Group statement of profit or loss and other comprehensive income for the financial period ended 30 June 2018:**

	<b>Group (Fourth Quarter FY2018)</b>			<b>Group (Full Year FY2018)</b>		
	<b>3 months ended 30 Jun 2018</b>			<b>full year ended 30 Jun 2018</b>		
	As previously reported S\$'000	Adoption of SFRS(I) 15 S\$'000	As restated S\$'000	As previously reported S\$'000	Adoption of SFRS(I) 15 S\$'000	As restated S\$'000
Revenue	17,991	(3,167)	14,824	83,492	(1,527)	81,965
Cost of sales	(11,096)	1,605	(9,491)	(62,424)	822	(61,602)
Gross profit	6,895	(1,562)	5,333	21,068	(705)	20,363
Net profit after tax	6,241	(1,444)	4,797	9,463	(585)	8,878
Total comprehensive income	6,603	(1,444)	5,159	10,805	(585)	10,220

**Group statement of financial position as at 30 June 2018:**

<b>Group</b>				
<b>30 Jun 2018</b>				
	As previously reported S\$'000	Adoption of SFRS(I) 1 S\$'000	Adoption of SFRS(I) 15 S\$'000	As restated S\$'000
Inventories (Current assets)	22,295	-	1,668	23,963
Contract assets (Current assets)	1,125	-	333	1,458
Contract liabilities (Current liabilities)	4,736	-	3,835	8,571
Accumulated profits (Equities)	38,851	(27,577) #	296*	11,570

(#) In addition to SFRS(I) 15, the accumulated profits was reduced by S\$27.6 million following the adoption of SFRS(I) 1.

(\*) This number, S\$296,000, comprised of S\$881,000 for FY2017 and -S\$585,000 for FY2018.



**Statement of cash flows for the Group for the financial period ended 30 June 2018:**

	<b>Group (Fourth Quarter FY2018)</b>			<b>Group (Full Year FY2018)</b>		
	<b>3 months ended 30 Jun 2018</b>			<b>full year ended 30 Jun 2018</b>		
	As previously reported	Adoption of SFRS(I) 15	As restated	As previously reported	Adoption of SFRS(I) 15	As restated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>						
Profit after taxation	6,241	(1,444)	4,797	9,463	(585)	8,878
Increase in inventories	(4,711)	(2,697)	(7,408)	(6,077)	(2,170)	(8,247)
Decrease in contract assets	-	4,836	4,836	-	1,301	1,301
(Increase) in contract liabilities	-	(3,547)	(3,547)	-	(41)	(41)

**Earnings per share**

	<b>Group (Fourth Quarter FY2018)</b>		<b>Group (Full Year FY2018)</b>	
	As previously reported 3 months ended 30 Jun 2018	As restated 3 months ended 30 Jun 2018	As previously reported Full Year ended 30 Jun 2018 (12 months)	As restated Full Year ended 30 Jun 2018 (12 months)
Earnings per share (in cents S\$)	(Q4 FY2018)	(Q4 FY2018)	(12 months)	(12 months)
(a) Based on weighted average number of ordinary shares on issue	3.39	2.60	5.14	4.82
(b) On a fully diluted basis	3.37	2.59	5.11	4.80

**Net tangible assets**

	<b>Group (30 Jun 2018)</b>	
	As previously reported 30 Jun 2018	As restated 30 Jun 2018
Net asset value per ordinary share (in cents S\$)	30.41	30.57

**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.**

	<b>3-Month Period Ended 30-Jun-19</b>	<b>3-Month Period Ended 30-Jun-18 <i>Restated</i></b>	<b>12-Month Period Ended 30-Jun-19</b>	<b>12-Month Period Ended 30-Jun-18 <i>Restated</i></b>
- on weighted average number of ordinary shares in issue (cents)	0.07	2.60	0.81	4.82
- on a fully diluted basis (cents)	0.07	2.59	0.81	4.80

Earnings per ordinary share for the financial period based on net profit attributable to shareholders: -

- on weighted average number of ordinary shares in issue (cents)

- on a fully diluted basis (cents)

**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.**

	<b>Group</b>	<b>Company</b>
	<b>Jun-19</b>	<b>Jun-18 <i>Restated</i></b>
Net asset value per ordinary share based on existing issued share capital at the end of the respective financial period/year (cents)	29.91	30.57
	24.76	23.71

Net asset value per ordinary share based on existing issued share capital at the end of the respective financial period/year (cents)

**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 2019 ("4Q FY2019") increased 73.1% to S\$25.7 million from S\$14.8 million (re-stated) for the quarter ended 30 June 2018 ("4Q FY2018") primarily due to increased boat sales, with three inventory boats and three trade-in boats sold this quarter.

Revenue for the full year ended 30 June 2019 ("FY2019") amounted to S\$79.6 million, a decrease of 2.9% from a year ago ("FY2018"). Compared to FY2018, revenue in FY2019 decreased year-on-year due to fewer boats in production reaching maturity.

Gross profit

Gross profit for 4Q FY2019 decreased 44.9% to S\$2.9 million from S\$5.3 million (re-stated) in 4Q FY2018, while gross profit margin declined to 11.5% from 36.0% over the comparative periods. The lower margins were due to one-off warranty costs, more lower margin inventory and trade-in boat sales and lower brokerage commission income.

For FY2019, gross profit decreased to S\$16.9 million from S\$20.4 million (re-stated) in FY2018, while gross profit margin declined to 21.3% from 24.8% over the comparative periods for similar reasons as in 4Q FY2019 i.e. one-off warranty costs and lower brokerage commission income.

Operating expenses

Total operating expenses – which include costs relating to boat shows, sales and marketing, as well as salaries and commission expenses – decreased to S\$3.0 million for 4Q FY2019 from S\$4.1 million for 4Q FY2018, due mainly to lower broker commissions paid, lower payroll and lower travelling expenses. Other non-operating expenses stemmed from foreign exchange losses in 4Q FY2019, compared to 4Q FY2018 where foreign exchange losses were partially offset by refund of VAT. Higher finance costs in 4Q FY2019 were due to higher interest costs incurred in the financing of three inventory boats and financing of the acquisition of Stuart Yacht Corporation.

Total operating expenses for FY2019 decreased to S\$14.4 million from S\$15.3 million in FY2018, due mainly to lower broker commissions paid and travelling expenses but partially offset by higher advertising, boat show and payroll costs. Other non-operating expenses in FY2019 were due to higher foreign exchange losses resulting from the weak Australian dollar and a strong US dollar, compared to FY2018. Higher finance costs in FY2019 were due to higher interest costs incurred in the financing of three inventory boats and financing of the acquisition of Stuart Yacht Corporation.

Taxation

The tax credit in 4Q FY2019, FY2019, 4Q FY2018 and FY2018 was due to the recognition of deferred tax assets, arising from the unutilised tax losses and capital allowances of subsidiaries.

Profit

As a result of the above, the Group achieved a net profit of S\$0.1 million in 4Q FY2019 (4Q FY2018: S\$4.8 million (re-stated)) and a net profit of S\$1.5 million for FY2019 (FY2018: S\$8.9 million (re-stated)).

**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 Cash Flows

Cash flows generated from operations were S\$6.8 million for 4Q FY2019 compared to cash flows used in operation of S\$1.4 million for 4Q FY2018. This was mainly due to the decreased in inventories (i.e. stock and trade-in boats) and higher contract liabilities. This was partially offset by higher contract assets as well as lower trade and other payables.

Cash flows used in investing activities amounted to S\$0.8 million for 4Q FY2019 mainly due to development of new products. In comparison, cash flows used in investing activities totaled S\$3.3 million for 4Q FY2018 which was due to the acquisition of Stuart Yacht Corporation in the USA and investment in new yacht moulds.

Cash flows used in financing activities were S\$0.7 million in 4Q FY2019 compared to S\$0.1 million for 4Q FY2018, due to the Group financing part of the lease renewal consideration with bank borrowings, partially financing its acquisition of the U.S. boat yard in 4Q FY2018 with borrowings and financing of three inventory boats in FY2019.

As a result of the above, cash and cash equivalents increased to S\$8.6 million as at 30 June 2019 from S\$3.7 million as at 31 March 2019.

On a full-year basis, cash flows used in operations were S\$1.4 million in FY2019, compared to S\$0.1 million in FY2018, primarily due to lower net profit, increase in inventories and contract assets as well as decrease in trade and other payables. These were partially offset by decrease in trade and other receivables and increase in contract liabilities. The increase in inventories was due to higher inventory boats held, partially offset by lower work-in-progress. The increase in contract assets was due to work-in-progress not yet due for billing but already recognized as revenue.

Cash flows used in investing activities for FY2019 amounted to S\$6.9 million due to the development of new yacht models and the improvements at the Pasir Gudang facility, including the reconfiguration and revamped layout of production lines and processes. In comparison, cash flows used in investing activities in FY2018 were S\$8.2 million, which, in addition to the development of new yacht models and factory improvements at Pasir Gudang, also included the acquisition of Stuart Yacht Corporation in the USA.

Cash flows from financing activities for FY2019 came to S\$8.3 million due to the proceeds from interest-bearing loans and financing of three inventory boats. This was partially offset by the repayment of loans, deferred consideration (principal and interest) and dividend payment of S\$0.9 million. Cash flows used in financing activities were S\$0.5 million in FY2018.

Cash and cash equivalents increased to S\$8.6 million as at 30 June 2019 from S\$8.4 million as at 30 June 2018 due to the above factors.

#### Review of Financial Position

Non-current assets increased to S\$44.9 million as at 30 June 2019 from S\$43.3 million as at 30 June 2018. This was due primarily to the investment in new yacht moulds and in factory improvements at the Pasir Gudang facility. Current assets increased to S\$48.5 million as at 30 June 2019 from S\$40.9 million as at 30 June 2018, mainly due to higher inventories and contract assets, partially offset by lower trade and other receivables.

Total liabilities increased to S\$38.4 million as at 30 June 2019 from S\$27.9 million as at 30 June 2018, mainly due to increase in interest-bearing loans and borrowings.

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

Not applicable.

**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.**

The Group remained profitable in FY2019 despite higher cost of sales, which resulted in lower gross profit margins. It had received 11 new boat orders and three trade-in boat orders during the quarter under review, which lifted its net order book significantly to S\$54.6 million as at 30 June 2019 (30 June 2018: S\$32.8 million).

These orders will keep the Group busy for FY2020 with the debut of bigger, sleeker and better-performing luxury boat models such as the Grand Banks 54, Palm Beach GT60 and Palm Beach 70.

The redevelopment of the Group's plant in Pasir Gudang, Malaysia – doubling in size of covered area and equipping with state-of-the-art machineries and processes – will enable it to handle any increase in demand. The Group is also making improvements to its service yard in Stuart, Florida, which will serve as the main service facility and hub for the US region, as well as the headquarters for the Group's sales and marketing operations.

Moving forward, the Group will continue to focus on its marketing and sales initiatives to grow the order book for its wider range of boat models, while also reviewing its operating costs to improve margins.

**11. Dividend**

**a) Current Financial Period Reported on**

Any distribution declared for the current period? No

Name of Dividend	-
Dividend Type	-
Dividend Amount per Share (in Singapore cents)	-
Tax Rate	-

**b) Corresponding Period of the immediately Preceding Financial Year**

Any dividend declared for the current period? Yes

Name of Dividend	Final Dividend
Dividend Type	Cash
Dividend Amount per Share (in Singapore cents)	0.5 cents
Tax Rate	One-Tier Tax Exempt

**(c) Date of Payment**

NA

**(d) Books closure date**

NA.

**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 PBM Y, one of the Group's subsidiary companies. For the period from 1 July 2018 through 30 June 2019, the monthly rental amount paid by PBM Y for use of the manufacturing facility was approximately S\$23,000. 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.

	Manufacturing and trading segment		Others		Corporate		Elimination		Consolidated	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	12-month year ended 30-Jun-18	12-month year ended 30-Jun-19	12-month year ended 30-Jun-18	12-month year ended 30-Jun-19	12-month year ended 30-Jun-18	12-month year ended 30-Jun-19	12-month year ended 30-Jun-18	12-month year ended 30-Jun-19	12-month year ended 30-Jun-18	12-month year ended 30-Jun-19
<b>Revenue &amp; expenses</b>										
External revenue	69,236	73,184	10,332	8,781	–	–	–	–	–	79,568
Inter-segment revenue	3,416	3,123	1,834	371	3,807	2,059	(9,057)	(5,553)	–	–
Total revenue	72,652	76,307	12,166	9,152	3,807	2,059	(9,057)	(5,553)	79,568	81,965
Segment results	11,420	12,746	394	292	2,838	1,251	(9,057)	(5,553)	5,595	8,736
Depreciation & amortisation	(3,769)	(3,417)	–	–	–	–	–	–	(3,769)	(3,417)
Interest income	23	39	–	–	–	–	–	–	23	39
Interest expense	(628)	(161)	–	–	–	–	–	–	(628)	(161)
Operating profit/(loss) before tax	7,046	9,207	394	292	2,838	1,251	(9,057)	(5,553)	1,221	5,197
Income tax (expense)/credit	278	3,681	–	–	–	–	–	–	278	3,681
Segment profit/(loss)	7,324	12,888	394	292	2,838	1,251	(9,057)	(5,553)	1,499	8,878

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-19 S'000	% of Total Revenue	12-Month Year Ended 30-Jun-18 S'000	% of Total Revenue
USA	65,706	82.6	61,318	74.8
Europe *	1,432	1.8	–	–
Australia	12,430	15.6	18,940	23.1
Asia	–	–	1,707	2.1
<b>Total Revenue</b>	<b>79,568</b>	<b>100.0</b>	<b>81,965</b>	<b>100.0</b>

\* comprises United Kingdom

17. A breakdown of revenue:

	Group		
	12-Month Year Ended 30-Jun-19 S'000	12-Month Year Ended 30-Jun-18 S'000	Change %
(a) Revenue reported for the first half of the financial year	38,906	40,920	(4.9)
(b) Profit reported for the first half of the financial year	1,230	2,263	(45.6)
(c) Revenue reported for the second half of the financial year	40,662	41,045	(0.9)
(d) Profit reported for the second half of the financial year	269	6,615	(95.9)

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:

	FY2019 S'000	FY2018 S'000
Ordinary	–	921
Preference	–	–
<b>Total</b>	<b>–</b>	<b>921</b>

**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  
Date: 29 August 2019