

GRAND BANKS YACHTS LIMITED

(Registration No.: 197601189E)



GRAND BANKS.

Half Yearly And Full Year Unaudited Financial Statements for the Year Ended 30 June 2020

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		
	6-Month Period Ended	6-Month Period Ended	Inc / (Dec) %	12-Month Period Ended	12-Month Period Ended	Inc/(Dec) %
	30-Jun-20 \$'000	30-Jun-19 \$'000		30-Jun-20 \$'000	30-Jun-19 \$'000	
Revenue	58,152	40,662	43.0	103,234	79,568	29.7
Cost of sales	(50,456)	(33,724)	49.6	(84,349)	(62,635)	34.7
Gross Profit	7,696	6,938	10.9	18,885	16,933	11.5
Selling and marketing expenses	(3,937)	(3,856)	2.1	(8,588)	(8,909)	(3.6)
Administrative expenses	(2,630)	(2,307)	14.0	(5,487)	(4,718)	16.3
Other operating expenses	(690)	(392)	76.0	(1,132)	(778)	45.5
Corporate restructuring costs	(1,511)	-	N.m	(1,511)	-	N.m
Total operating expenses	(8,768)	(6,555)	33.8	(16,718)	(14,405)	16.1
(Loss)/Profit from operations	(1,072)	383	N.m	2,167	2,528	(14.3)
Other non-operating expense, net	(658)	(244)	> 100	(580)	(678)	(14.5)
Finance costs	(302)	(472)	(36.0)	(723)	(627)	15.3
(Loss)/Profit before tax	(2,032)	(333)	> 100	864	1,223	(29.4)
Tax credit	1,045	603	73.3	191	277	N.m
Net (loss)/profit for the period	(987)	270	N.m	1,055	1,500	(29.7)

N.m - Percentage / Computation not meaningful

Additional information to the income statement:

	Group			Group		
	6-Month Period Ended 30-Jun-20 \$'000	6-Month Period Ended 30-Jun-19 \$'000	Inc/(Dec) %	12-Month Period Ended 30-Jun-20 \$'000	12-Month Period Ended 30-Jun-19 \$'000	Inc/(Dec) %
Allowance of inventory obsolescence	(565)	(324)	74.4	(725)	(321)	> 100
Depreciation of property, plant and equipment	(2,092)	(2,040)	2.5	(4,534)	(3,642)	24.5
Depreciation of ROU assets	(429)	–	N.m	(429)	–	N.m
Amortisation of intangible assets	(60)	(62)	(3.2)	(120)	(126)	(4.8)
Foreign exchange loss, net	(835)	(338)	> 100	(799)	(819)	(2.4)
Interest income included in other non-operating income	6	14	(57.1)	20	23	(13.0)
Interest expense included in finance costs	(319)	(472)	(32.4)	(735)	(627)	17.2
Property, plant and equipment written off	(108)	(102)	5.9	(160)	(213)	(24.9)
Restructuring costs	(1,511)	–	N.m	(1,511)	–	N.m
Temporary closure of Malaysia Factory due to Movement Control Order	(1,946)	–	N.m	(1,946)	–	N.m
Interest expense on lease liabilities	(45)	–	N.m	(45)	–	N.m
Tax:						
- current tax credit	1,097	516	> 100	141	82	72.0
- deferred tax (expense)/credit	(52)	87	N.m	50	195	(74.4)

N.m - Percentage / Computation not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) - in SGD

	Group			Group		
	6-Month Period Ended 30-Jun-20 \$'000	6-Month Period Ended 30-Jun-19 \$'000	Inc/(Dec) %	12-Month Period Ended 30-Jun-20 \$'000	12-Month Period Ended 30-Jun-19 \$'000	Inc/(Dec) %
Net profit for the period	(987)	270	N.m	1,055	1,500	(29.7)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Net currency translation differences of financial statements of foreign subsidiaries	(570)	(717)	(20.5)	(563)	(1,815)	(69.0)
Total Comprehensive Income for the period	<u>(1,557)</u>	<u>(447)</u>	> 100	<u>492</u>	<u>(315)</u>	N.m

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

	Group		Company	
	30-Jun-20 \$'000	30-Jun-19 \$'000	30-Jun-20 \$'000	30-Jun-19 \$'000
Non-current assets				
Property, plant and equipment	25,067	32,163	–	–
Right-of-use assets [1(b)(ii)]	6,726	–	–	–
Subsidiaries	–	–	38,016	38,016
Goodwill	6,430	6,361	–	–
Intangible assets	1,293	1,402	–	–
Deferred tax assets	4,475	4,998	–	–
	43,991	44,924	38,016	38,016
Current assets				
Inventories	21,174	28,121	–	–
Contract assets	11,844	10,533	–	–
Trade and other receivables	1,018	496	6,875	7,843
Prepayments	947	866	17	102
Current tax recoverable	–	124	–	–
Cash and cash equivalents	10,717	8,552	209	22
	45,700	48,692	7,101	7,967
Total assets	89,691	93,616	45,117	45,983
Current liabilities				
Contract liabilities	10,047	9,568	–	–
Trade and other payables	13,278	10,044	519	374
Lease liabilities [1(b)(ii)]	192	–	–	–
Provision for warranty claims	3,304	2,469	–	–
Interest bearing loans and borrowings [1(b)(iii)]	1,845	8,399	–	–
Deferred consideration [1(b)(iii)]	514	480	–	–
Current tax payables	6	–	–	–
	29,186	30,960	519	374
Non-current liabilities				
Lease liabilities [1(b)(ii)]	76	–	–	–
Deferred tax liabilities	369	422	–	–
Interest bearing loans and borrowings [1(b)(iii)]	2,700	5,005	–	–
Deferred consideration [1(b)(iii)]	1,674	2,126	–	–
	4,819	7,553	–	–
Total liabilities	34,005	38,513	519	374
Capital and reserves				
Share capital	43,136	43,045	43,136	43,045
Share-based compensation reserve	381	381	381	381
Accumulated profits	13,205	12,150	1,081	2,183
Foreign currency translation reserve	(1,036)	(473)	–	–
Total equity	55,686	55,103	44,598	45,609
Total equity and liabilities	89,691	93,616	45,117	45,983

1(b)(ii) The adoption of SFRS(I) 16 *Leases* resulted in certain leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right-to-use the leased item) and financial liability to pay rentals are recognised.

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

	30-Jun-2020 \$'000	30-Jun-2019 \$'000
Interest bearing loans and borrowings - short-term	1,845	8,399
Deferred consideration - short-term	514	480
Interest bearing loans and borrowings - long-term	2,700	5,005
Deferred consideration - long-term	1,674	2,126
	6,733	16,010

Group's borrowings as at 30 Jun 2020 were S\$6.7 million (30 June 2019 : S\$16.0 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 of Stuart Yacht Corporation (SYC) and partial financing of 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 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	
	6-Month Period Ended 30-Jun-20 S'000	6-Month Period Ended 30-Jun-19 S'000	12-Month Period Ended 30-Jun-20 S'000	12-Month Period Ended 30-Jun-19 S'000
Operating activities				
(Loss)/Profit after taxation	(987)	270	1,055	1,500
<i>Adjustments for:-</i>				
Depreciation of property, plant and equipment	2,092	2,040	4,534	3,642
Depreciation of ROU assets	429	-	429	-
Amortisation of intangible assets	60	62	120	126
Loss on disposal of property, plant and equipment	2	11	2	11
Property, plant and equipment written off	108	102	160	213
Allowance made for slow moving materials	565	324	725	321
Interest income	(6)	(14)	(20)	(23)
Interest expense	364	472	780	627
Provision for warranty claims	1,941	2,649	3,188	3,488
Equity-settled share based expense	-	6	-	11
Tax credit	(1,045)	(603)	(191)	(277)
Unrealised foreign exchange gain	(35)	(727)	(132)	(364)
	<u>3,488</u>	<u>4,592</u>	<u>10,650</u>	<u>9,275</u>
<i>Changes in working capital:</i>				
Decrease/(Increase) in inventories	8,538	6,083	6,698	(5,336)
Increase in contract assets	(2,893)	(8,485)	(1,048)	(9,197)
Decrease/(Increase) in trade and other receivables	4,672	220	(24)	4,940
Decrease/(Increase) in prepayments	425	542	(79)	383
(Decrease)/Increase in contract liabilities	(1,816)	6,596	239	3,013
Increase/(Decrease) in trade and other payables	4,236	(8,357)	3,943	(1,445)
Net cash from operations	<u>16,650</u>	<u>1,191</u>	<u>20,379</u>	<u>1,633</u>
Net income tax refund/(paid)	151	99	41	(195)
Warranty claims paid	(1,238)	(1,916)	(2,338)	(3,007)
Cash flows from/(used in) operating activities	<u>15,563</u>	<u>(626)</u>	<u>18,082</u>	<u>(1,569)</u>
Investing activities				
Interest received	6	14	20	23
Proceeds from disposal of property, plant and equipment	8	-	8	-
Purchase of property, plant and equipment	(1,290)	(3,666)	(3,997)	(7,684)
Cash flows used in investing activities	<u>(1,276)</u>	<u>(3,652)</u>	<u>(3,969)</u>	<u>(7,661)</u>
Financing activities				
Interest paid	(307)	(426)	(727)	(573)
Interest paid on ROU assets	(45)	-	(45)	-
Dividend Paid	-	-	-	(920)
Proceeds from issue of shares	91	-	91	-
Repayment of lease liabilities	(131)	-	(339)	-
Repayment of deferred consideration (i)	(207)	(233)	(494)	(460)
Repayment of interest bearing loans and borrowings (i)	(11,279)	(3,133)	(15,651)	(3,376)
Proceeds from interest bearing loans and borrowings	-	3,474	4,989	14,484
Cash flows (used in)/from financing activities	<u>(11,878)</u>	<u>(318)</u>	<u>(12,176)</u>	<u>9,155</u>
Net increase/(decrease) in cash and cash equivalents	<u>2,409</u>	<u>(4,596)</u>	<u>1,937</u>	<u>(75)</u>
Cash and cash equivalents at beginning of period	8,435	13,149	8,425	8,305
Effect of exchange rate changes on balances held in foreign currency	(127)	(128)	355	195
Cash and cash equivalents at end of period (ii)	<u>10,717</u>	<u>8,425</u>	<u>10,717</u>	<u>8,425</u>
(i) The repayment of deferred consideration, 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 inventory boats.				
(ii) Cash and cash equivalents per statement of cash flows (S\$'000)	<u>10,717</u>	<u>8,425</u>		
Deposits pledged (S\$'000)	-	127		
Cash and cash equivalents per the statement of financial position (S\$'000)	<u>10,717</u>	<u>8,552</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-2018	43,045	370	1,342	11,570	56,327
Total comprehensive income for the year					
Profit for the year	-	-	-	1,500	1,500
Other comprehensive income					
Translation differences relating to financial statements of foreign subsidiaries	-	-	(1,815)	-	(1,815)
Total other comprehensive income	-	-	(1,815)	-	(1,815)
Total comprehensive income for the year	-	-	(1,815)	1,500	(315)
Transactions with owners, recorded directly in equity					
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)	-	-	-	(920)	(920)
At 30-Jun-2019	43,045	381	(473)	12,150	55,103
At 1-Jul-2019	43,045	381	(473)	12,150	55,103
Shares issued by way of shares under performance incentive plans	91	-	-	-	91
Total comprehensive income for the year					
Profit for the year	-	-	-	1,055	1,055
Other comprehensive income					
Translation differences relating to financial statements of foreign subsidiaries	-	-	(563)	-	(563)
Total other comprehensive income	-	-	(563)	-	(563)
Total comprehensive income for the year	-	-	(563)	1,055	492
At 30-Jun-2020	43,136	381	(1,036)	13,205	55,686
Company					
At 1-Jul-2018	43,045	370	265	43,680	
Total comprehensive income for the year					
Profit for the year	-	-	2,838	2,838	
Total comprehensive income for the year	-	-	2,838	2,838	
Transactions with owners, recorded directly in equity					
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)	-	-	(920)	(920)	
At 30-Jun-2019	43,045	381	2,183	45,609	
At 1-Jul-2019	43,045	381	2,183	45,609	
Shares issued by way of shares under performance incentive plans	91	-	-	91	
Total comprehensive income for the year					
Profit for the year	-	-	(1,102)	(1,102)	
Total comprehensive income for the year	-	-	(1,102)	(1,102)	
At 30-Jun-2020	43,136	381	1,081	44,598	

- 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.**

The Company issued 400,000 new ordinary shares pursuant to the options granted under the Company Employee Share Option Scheme 2014 during the six months ended 30 June 2020 (30 June 2019: None issued).

There were 2,900,000 outstanding options as at 30 June 2020 (30 June 2019: 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 2020 and 30 June 2019. The Company's share capital consists of 184,634,649 ordinary shares as at 30 June 2020 (30 June 2019: 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 2019.

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 Group adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The adoption of the SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have significant impact on the financial statements of the Group.

SFRS(I) 16 Leases

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group applied SFRS(I) 16 using the modified retrospective approach and accordingly, the comparative information presented is not restated.

SFRS(I) 16 has resulted in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right-to-use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term leases and leases of low value assets.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

Upon application of SFRS(I) 16 on 1 July 2019, the impact to balance sheet are summarised as below:

	As at 1 July 2019 reported under SFRS(I) 16 S\$'000
Addition of right-of-use assets	6,882
Addition of lease liabilities (current)	(335)
Addition of lease liabilities (non-current)	(264)
Provision for reinstatement	(117)
Reclassification of property, plant & equipment	(6,166)
Net impact on net assets	0

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.

	6-Month Period Ended 30-Jun-20	6-Month Period Ended 30-Jun-19	12-Month Period Ended 30-Jun-20	12-Month Period Ended 30-Jun-19
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)	<u>(0.53)</u>	<u>0.15</u>	<u>0.57</u>	<u>0.81</u>
- on a fully diluted basis (cents)	<u>(0.53)</u>	<u>0.15</u>	<u>0.57</u>	<u>0.81</u>

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-20	Jun-19	Jun-20	Jun-19
Net asset value per ordinary share based on existing issued share capital at the end of the respective financial period/year (cents)	<u>30.16</u>	<u>29.91</u>	<u>24.15</u>	<u>24.76</u>

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 six-month period ended 30 June 2020 ("2H FY2020") increased 43.0% to S\$58.2 million from S\$40.7 million for the same period ended 30 June 2019 ("2H FY2019") primarily due to increased boat sales, with seven inventory boats and six trade-in boats sold in 2H FY2020 (2H FY2019: three inventory boats and four trade-in boats).

Revenue for the full year ended 30 June 2020 ("FY2020") amounted to S\$103.2 million, an increase of 29.7% from S\$79.6 million a year ago ("FY2019") for the same reason as 2H FY2020.

Gross profit

In line with the higher revenue, gross profit for 2H FY2020 increased 10.9% to S\$7.7 million from S\$6.9 million in 2H FY2019, while gross profit margin declined to 13.2% from 17.1% over the comparative periods. The lower margins were due to more trade-in boats, which typically have lower margins, being sold, as well as the temporary closure of the Group's main manufacturing facility in Pasir Gudang, Malaysia, from 18 March to 3 May 2020 due to the COVID-19 pandemic which resulted in significant unabsorbed labour and overhead costs.

For FY2020, gross profit increased to S\$18.9 million from S\$16.9 million in FY2019, while gross profit margin declined to 18.3% from 21.3% over the comparative periods for similar reasons as in 2H FY2020 i.e. higher sales of lower margin trade-in boats and the temporary closure of the Pasir Gudang factory in March and April 2020.

Operating expenses

Total operating expenses – which include costs relating to boat shows, sales and marketing, as well as salaries and commission expenses – increased to S\$8.8 million for 2H FY2020 from S\$6.6 million for 2H FY2019, due mainly to the restructuring costs of S\$1.5 million relating to redundancies arising from the pandemic and provision for costs to close down the manufacturing operations in Australia by December 2020.

The Group will consolidate all manufacturing activities to the Malaysia factory, which the Group has invested substantial sums to increase production capacity as well as to modernize its operations. Other increases in operating expenses included higher payroll costs and professional fees.

Other non-operating expenses arose from foreign exchange losses in 2H FY2020, which were higher than 2H FY2019, the result of the weakening of USD against SGD and RM towards the end of FY2020. Lower finance costs in 2H FY2020 were due to fewer inventory boats under financing.

Total operating expenses for FY2020 increased to S\$16.7 million from S\$14.4 million in FY2019, due mainly to the same restructuring costs in 2H FY2020 and higher payroll costs and professional fees, mitigated by lower boat show expenses.

Other non-operating expenses in FY2020 were due to foreign exchange losses. Higher finance costs in FY2020 were due to more inventory boats under financing for the full year.

Taxation

The tax credits in 2H FY2020, FY2020, 2H FY2019 and FY2019 were due to losses incurred by certain subsidiaries.

Profit

As a result of the above, the Group recorded a net loss of S\$1.0 million in 2H FY2020 (2H FY2019: S\$0.3 million net profit) and a net profit of S\$1.1 million for FY2020 (FY2019: S\$1.5 million).

- 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\$15.6 million for 2H FY2020 compared to cash flows used in operation of S\$0.6 million for 2H FY2019. This was mainly due to the decrease in inventories (i.e. stock and trade-in boats) and receivables, as well as higher trade and other payables, partially offset by higher contract assets and lower contract liabilities.

Cash flows used in investing activities amounted to S\$1.3 million for 2H FY2020 mainly due to development of new products. In comparison, cash flows used in investing activities totaled S\$3.7 million for 2H FY2019 which was due to development of new products as well as improvements to the Malaysia facility.

Repayments of borrowings resulted in negative cash flows used in financing activities of S\$11.9 million in 2H FY2020 compared to negative S\$0.3 million for 2H FY2019. The Group's borrowings were to finance part of the Malaysia facility lease renewal consideration, partial financing of its acquisition of the U.S. service yard in FY2018 and financing of inventory boats. The Group fully repaid the borrowings for the financing of inventory boats in 2H FY2020.

As a result of the above, cash and cash equivalents increased to S\$10.7 million as at 30 June 2020 from S\$8.4 million as at 31 December 2019. Borrowings decreased to S\$6.7 million as at 30 June 2020 from S\$16.4 million as at 31 December 2019.

On a full-year basis, cash flows from operations were S\$18.1 million in FY2020, compared to cash flow used in operations of S\$1.6 million in FY2019, primarily due to lower inventories and higher trade and other payables partially offset by increase in contract assets. The decrease in inventories was due to the sales of inventory boats and trade-in boats in 2H FY2020. The increase in trade and other payables was due to accruals of operating expenses and costs. 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 FY2020 amounted to S\$4.0 million mainly due to the development of new yacht models. In comparison, cash flows used in investing activities in FY2019 were S\$7.7 million for the development of new yacht models and factory improvements at the Malaysia factory.

Repayment of borrowings resulted in negative cash flows used in financing activities of S\$12.2 million in FY2020. Cash flows from financing activities for FY2019 came to S\$9.2 million due to the proceeds from interest-bearing loans and financing of 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 and cash equivalents increased to S\$10.7 million as at 30 June 2020 from S\$8.6 million as at 30 June 2019 due to the above factors. Borrowings decreased to S\$6.7 million as at 30 June 2020 from S\$16.0 million as at 30 June 2019.

Review of Financial Position

Non-current assets decreased marginally to S\$44.0 million as at 30 June 2020 from S\$44.9 million as at 30 June 2019. Current assets decreased to S\$45.7 million as at 30 June 2020 from S\$48.7 million as at 30 June 2019, mainly due to lower inventories, partially offset by higher contract assets and trade and other receivables.

Total liabilities decreased to S\$34.0 million as at 30 June 2020 from S\$38.5 million as at 30 June 2019, mainly due to the full repayment of financing of inventory boats.

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

The Company noted in its announcements on 28 April and 8 May 2020 that it expected a loss in 4Q FY2020. The Company recorded a loss in 4Q FY2020 that resulted in the loss for 2H FY2020.

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 impact due to COVID-19 was felt in the 2H FY2020, as the luxury boating market worldwide reported dampened sentiment due to economic uncertainty. Notwithstanding this and travel restrictions at our main market, the United States, the Group recorded higher sales from a combination of sales of stock boats and trade-ins after extensive marketing efforts.

In view of the continued uncertainty due to the economic sentiment and restrictions on travel which have curtailed participation in major boat shows, the Group remains cautious. Our focus is on cost containment measures while ensuring quality and timeliness of revised delivery schedules following the disruptions due to the pandemic.

The Group booked orders for 35 boats during FY2020, of which 20 were sold in the second half of FY2020 (similar to 20 boats sold during the comparative period a year ago). The Group's net order book as at 30 June 2020 stood at S\$48.9 million, compared to S\$54.6 million a year ago.

The Group resumed operations at its main production yard at Pasir Gudang, Malaysia since 4 May 2020, following almost eight weeks of temporary closure in line with Malaysian government restrictions imposed to curb the spread of the pandemic. While salaries cut earlier in 2H FY2020 have been reinstated since July, the workforce in Malaysia has been reduced to 655, a decline of 13.3% compared to levels before the onset of the pandemic.

In line with the Group-wide cost containment efforts, the Group has begun relocating its boat manufacturing activities from Berkeley Vale, Australia, to Pasir Gudang. This relocation is being undertaken after carefully assessing the changes in operations and facility upgrades in Malaysia. Management is of the view that the Pasir Gudang facility has increased its operational efficiency, including the adoption of automation, to a level that it can absorb the relocated production from Berkeley Vale without compromising quality or production schedules. This relocation will be completed by 31 December 2020 and is expected to increase economies of scale, improve operational efficiency and overall operating margins over the medium to long term.

The right-sizing of operations Group-wide has meant that i) total workforce has been reduced by 13.6% since the end of 1H FY2020 to 734 at the end of 2H FY2020; ii) instead of three facilities worldwide currently the Group will operate only two by December 2020 – in Pasir Gudang and in Stuart, Florida which functions as the Group's service yard as well as its sales and marketing headquarters. By then, the Pasir Gudang facility will be the main design, production and procurement centre for the Group for all three boat brands – Grand Banks, Palm Beach and East Bay. The Group will build upon this consolidation to drive greater efficiencies through centralised procurement and processes as well as increased adoption of automation and other processes.

The Group maintains a cautious outlook due to the dampened economic sentiment; restrictions on travel and boat shows are expected to continue to affect sales in the coming months.

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? No

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

(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 or recommended. Although the Group recorded a net profit for FY2020, it intends to conserve its financial resources given the uncertain future arising from the pandemic.

- 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 July 2019 through 30 June 2020, the monthly rental amount paid by PBMV 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.

	← Reconciliation →									
	Manufacturing and trading segment		Others		Corporate		Elimination		Consolidated	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
12-month year ended 30-Jun-20	12-month year ended 30-Jun-19	12-month year ended 30-Jun-20	12-month year ended 30-Jun-19	12-month year ended 30-Jun-20	12-month year ended 30-Jun-19	12-month year ended 30-Jun-20	12-month year ended 30-Jun-19	12-month year ended 30-Jun-20	12-month year ended 30-Jun-19	12-month year ended 30-Jun-19
Revenue & expenses										
External revenue	88,755	69,236	14,479	10,332	–	–	–	–	103,234	79,568
Inter-segment revenue	3,219	3,416	1,422	1,834	–	3,807	(4,641)	(9,057)	–	–
Total revenue	91,974	72,652	15,901	12,166	–	3,807	(4,641)	(9,057)	103,234	79,568
Segment results	12,611	11,420	(161)	394	(1,102)	2,838	(4,641)	(9,057)	6,707	5,595
Depreciation & amortisation	(5,083)	(3,768)	–	–	–	–	–	–	(5,083)	(3,768)
Interest income	20	23	–	–	–	–	–	–	20	23
Interest expense	(780)	(627)	–	–	–	–	–	–	(780)	(627)
Operating profit/(loss) before tax	6,768	7,048	(161)	394	(1,102)	2,838	(4,641)	(9,057)	864	1,223
Income tax credit	191	277	–	–	–	–	–	–	191	277
Segment profit/(loss)	6,959	7,325	(161)	394	(1,102)	2,838	(4,641)	(9,057)	1,055	1,500

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-20 \$'000	% of Total Revenue	12-Month Year Ended 30-Jun-19 \$'000	% of Total Revenue
USA	86,736	84.0	65,706	82.6
Europe *	–	–	1,432	1.8
Australia	16,498	16.0	12,430	15.6
Total Revenue	103,234	100.0	79,568	100.0

* comprises United Kingdom

17. A breakdown of revenue:

	Group		
	12-Month Year Ended 30-Jun-20 \$'000	12-Month Year Ended 30-Jun-19 \$'000	Change %
(a) Revenue reported for the first half of the financial year	45,082	38,906	15.9
(b) Profit reported for the first half of the financial year	2,042	1,230	66.0
(c) Revenue reported for the second half of the financial year	58,152	40,662	43.0
(d) (Loss)/Profit reported for the second half of the financial year	(987)	270	N.m

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:

	FY2020 \$'000	FY2019 \$'000
Ordinary	–	–
Preference	–	–
Total	–	–

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
28 August 2020