



GRAND BANKS YACHTS LIMITED

(Company Reg. No.: 197601189E)

MATERIAL DIFFERENCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The Board of Directors (the “**Board**”) of Grand Banks Yachts Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its audited financial statements for the financial year ended 30 June 2020 in the Group’s Annual Report 2020 (the “**Audited Financial Statements**”) and the announcement on the Unaudited Financial Statements and Dividend Announcement for the Financial Year Ended 30 June 2020 released on 28 August 2020 (the “**Unaudited Financial Statements**”).

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”), the Board wishes to announce and clarify the material differences between the Audited Financial Statements and the Unaudited Financial Statements after the completion of the financial audit by the Company’s external auditor.

The difference for the Income Statement was related to reclassification of corporate restructuring expenses to other operating expenses with no change to the net profit for the year as previously released. The Statement of Financial Position amendments were reclassifications between various balance sheet items and late audit adjustments. Correspondingly, these amendments also flowed into Statement of Cash Flows with no material difference in net cash from operating activities, net cash used in investing activities, net cash used in financing activities and cash and cash equivalents at end of year.

The material differences between the Group’s Audited Financial Statements and the Unaudited Financial Statements are set out below:

Consolidated Income Statement - in SGD

	Group			Remarks
	Unaudited \$'000	Audited \$'000	Differences \$'000	
Revenue	103,234	103,234	0	
Cost of sales	(84,349)	(84,350)	(1)	
Gross Profit	18,885	18,884	(1)	
Selling and marketing expenses	(8,588)	(8,588)	0	
Administrative expenses	(5,487)	(5,487)	0	
Other operating expenses	(1,132)	(2,615)	(1,483)	Note 1
Corporate restructuring costs	(1,511)	0	1,511	Note 1
Total operating expenses	(16,718)	(16,690)	28	
Profit from operations	2,167	2,194	27	
Other non-operating expense, net	(580)	(579)	1	
Finance costs	(723)	(751)	(28)	
Profit before tax	864	864	0	
Tax credit	191	191	0	
Net profit for the period	1,055	1,055	0	

Consolidated Statement of Comprehensive Income – in SGD

	Group			Remarks
	Unaudited	Audited	Differences	
	\$'000	\$'000	\$'000	
Net profit for the period	1,055	1,055	0	
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Translation differences relating to financial statements of foreign subsidiaries	(563)	781	1,344	Note 3
Total Comprehensive Income for the period	492	1,836	1,344	

Statement of Financial Position - in SGD

	FY2020			Remarks
	Unaudited \$'000	Audited \$'000	Differences \$'000	
Non-current assets				
Property, plant and equipment	25,067	25,065	(2)	
Right-of-use assets	6,726	6,726	0	
Intangible assets	7,723	7,723	0	
Deferred tax assets	4,475	4,225	(250)	Note 3
	<u>43,991</u>	<u>43,739</u>	<u>(252)</u>	
Current assets				
Inventories	21,174	21,341	167	Note 2
Contract assets	11,844	11,596	(248)	Note 2
Trade and other receivables	1,018	990	(28)	
Prepayments	947	775	(172)	Note 3
Current tax recoverable	0	0	0	
Cash and cash equivalents	10,717	10,717	0	
	<u>45,700</u>	<u>45,419</u>	<u>(281)</u>	
Total assets	<u>89,691</u>	<u>89,158</u>	<u>(533)</u>	
Current liabilities				
Contract liabilities	10,047	10,731	684	Note 2
Trade and other payables	13,278	9,705	(3,573)	Notes 2, 3
Lease liabilities	192	192	0	
Provisions	3,304	4,310	1,006	Note 2
Interest bearing loans and borrowings	1,845	1,845	0	
Deferred consideration	514	514	0	
Current tax payables	6	6	0	
	<u>29,186</u>	<u>27,303</u>	<u>(1,883)</u>	
Non-current liabilities				
Lease liabilities	76	76	0	
Deferred tax liabilities	369	375	6	
Interest bearing loans and borrowings	2,700	2,700	0	
Deferred consideration	1,674	1,674	0	
	<u>4,819</u>	<u>4,825</u>	<u>6</u>	
Total liabilities	<u>34,005</u>	<u>32,128</u>	<u>(1,877)</u>	
Capital and reserves				
Share capital	43,136	43,136	(0)	
Share-based compensation reserve	381	381	0	
Accumulated profits	13,205	13,205	0	
Foreign currency translation reserve	(1,036)	308	1,344	Note 3
Total equity	<u>55,686</u>	<u>57,030</u>	<u>1,344</u>	
Total equity and liabilities	<u>89,691</u>	<u>89,158</u>	<u>(533)</u>	

Consolidated Statement of Cash Flows – SGD

	Group			Remarks
	Unaudited \$'000	Audited \$'000	Differences \$'000	
Operating activities				
Profit after taxation	1,055	1,055	0	
<i>Adjustments for:-</i>				
Depreciation of property, plant and equipment	4,534	4,338	(196)	Note 2
Depreciation of right-of-use assets	429	627	198	Note 2
Amortisation of intangible assets	120	120	0	
Loss on disposal of property, plant and equipment	2	3	1	
Property, plant and equipment written off	160	0	(160)	Note 2
Allowance made for inventory obsolescence	725	725	0	
Interest income	(20)	(20)	0	
Interest expense	780	751	(29)	
Provisions	3,188	4,793	1,605	Note 2
Tax credit	(191)	(191)	0	
Unrealised foreign exchange (gain)/loss	(132)	1,194	1,326	Note 3
	10,650	13,395	2,745	
<i>Changes in working capital:</i>				
Decrease/(increase) in inventories	6,698	6,530	(168)	Note 2
(Increase)/decrease in contract assets	(1,048)	(730)	318	Note 2
(Increase)/decrease in trade and other receivables	(24)	4	28	
(Increase)/decrease in prepayments	(79)	92	171	Note 2
Increase in contract liabilities	239	1,351	1,112	Note 2
Increase/(decrease) in trade and other payables	3,943	398	(3,545)	Notes 2, 3
Cash generated from operations	20,379	21,040	661	
Net income tax refund	41	41	0	
Provisions expended	(2,338)	(2,956)	(618)	Note 2
Net cash from/(used in) operating activities	18,082	18,125	43	
Cash flows from investing activities				
Interest received	20	20	0	
Proceeds from disposal of property, plant and equipment	8	8	0	
Purchase of property, plant and equipment	(3,997)	(3,833)	164	Note 2
Net cash used in investing activities	(3,969)	(3,805)	164	
Cash flows from financing activities				
Interest paid on loans and borrowings	(727)	(723)	4	
Interest paid on right-of-use assets	(45)	(28)	17	
Proceeds from issue of shares pursuant to share options	91	91	0	
Repayment of lease liabilities	(339)	(339)	0	
Repayment of deferred consideration	(494)	(494)	0	
Repayment of bank borrowings	(15,651)	(15,651)	0	
Proceeds from bank borrowings	4,989	4,989	0	
Net cash (used in)/from financing activities	(12,176)	(12,155)	21	

Consolidated Statement of Cash Flows – SGD (Continued)

	Group			Remarks
	Unaudited \$'000	Audited \$'000	Differences \$'000	
Net increase/(decrease) in cash and cash equivalents	1,937	2,165	228	Notes 2, 3
Cash and cash equivalents at beginning of year	8,425	8,425	0	
Effect of exchange rate changes on balances held in foreign currency	355	127	(228)	Notes 2, 3
Cash and cash equivalents at end of year	10,717	10,717	(0)	

The differences were due to:

Note 1 : Reclassification between other operating expenses and corporate restructuring costs.

Note 2 : Reclassification between property, plant and equipment, right-of-use (ROU) assets, inventories, contract assets, prepayments, contract liabilities, trade and other payables and provisions.

Note 3 : Late audit adjustments.

By Order of the Board

GRAND BANKS YACHTS LIMITED

Chiam Heng Huat
Chief Financial Officer

7 October 2020