



GRAND BANKS YACHTS LIMITED

(Company Registration No.: 197601189E)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 30 JUNE 2021

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1(a) Consolidated income statement (Unaudited)
For the second half and financial year ended 30 June 2021

	Note	Group			Group		
		6-Month		Change	Financial year		Change
		ended 30 Jun			ended 30 Jun		
2021	2020		2021	2020			
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	4	42,616	58,152	(26.7)	96,061	103,234	(6.9)
Cost of sales		(34,901)	(50,457)	(30.8)	(75,394)	(84,350)	(10.6)
Gross profit		<u>7,715</u>	<u>7,695</u>	0.3	<u>20,667</u>	<u>18,884</u>	9.4
Selling and marketing expenses		(4,651)	(3,937)	18.1	(9,084)	(8,588)	5.8
Administrative expenses		(3,144)	(2,630)	19.5	(5,996)	(5,487)	9.3
Other operating expenses		(417)	(662)	(37.0)	(720)	(1,104)	(34.8)
Restructuring write-back/(costs)		287	(1,511)	N.m	266	(1,511)	N.m
Total operating expenses		<u>(7,925)</u>	<u>(8,740)</u>	(9.3)	<u>(15,534)</u>	<u>(16,690)</u>	(6.9)
(Loss)/Profit from operations		<u>(210)</u>	<u>(1,045)</u>	(79.9)	<u>5,133</u>	<u>2,194</u>	134.0
Other non-operating income/ (expenses), net	2(a)	679	(657)	N.m	685	(579)	N.m
Finance cost		(68)	(330)	(79.4)	(175)	(751)	(76.7)
Profit/(Loss) before tax	2(a)	<u>401</u>	<u>(2,032)</u>	N.m	<u>5,643</u>	<u>864</u>	553.0
Tax (expense)/credit	2(b)	(157)	1,045	(115.0)	(1,417)	191	N.m
Profit/(Loss) for the year attributable to owners of the Company		<u>244</u>	<u>(987)</u>	N.m	<u>4,226</u>	<u>1,055</u>	300.5

N.m – Percentage / Computation not meaningful

1(a) Consolidated statement of comprehensive income (Unaudited)

	Group			Group		
	6-Month ended 30 Jun		Inc/(Dec) %	Financial year ended 30 Jun		Inc/(Dec) %
	2021 \$'000	2020 \$'000		2021 \$'000	2020 \$'000	
Profit/(Loss) for the year	244	(987)	N.m	4,226	1,055	300.5
Other comprehensive income Items that may be reclassified subsequently to profit or loss						
Translation differences relating to financial statements of foreign subsidiaries	(285)	774	N.m	(384)	781	N.m
Other comprehensive (loss)/income for the year, net of income tax	(285)	774	N.m	(384)	781	N.m
Total comprehensive income/(loss) for the year attributable to owners of the Company	(41)	(213)	(80.8)	3,842	1,836	109.2

N.m – Percentage / Computation not meaningful

1(b) Consolidated statements of financial position (Unaudited)
For financial year ended 30 June 2021

	Note	Group		Company	
		30-Jun-21 \$'000	30-Jun-20 \$'000	30-Jun-21 \$'000	30-Jun-20 \$'000
Non-current assets					
Property, plant and equipment	2(c)	25,269	25,065	–	–
Right-of-use assets	2(d)	6,875	6,726	–	–
Subsidiaries	2(e)	–	–	38,016	38,016
Intangible assets		8,014	7,723	–	–
Deferred tax assets		2,858	4,225	–	–
		<u>43,016</u>	<u>43,739</u>	<u>38,016</u>	<u>38,016</u>
Current assets					
Inventories	2(f)	14,840	21,341	–	–
Contract assets		2,764	11,596	–	–
Trade and other receivables	2(g)	586	990	7,417	6,875
Prepayments		1,250	775	17	17
Current tax recoverable		4	–	–	–
Cash and cash equivalents	2(h)	45,213	10,717	780	209
		<u>64,657</u>	<u>45,419</u>	<u>8,214</u>	<u>7,101</u>
Total assets		<u>107,673</u>	<u>89,158</u>	<u>46,230</u>	<u>45,117</u>
Current liabilities					
Trade and other payables	2(i)	13,613	9,705	367	519
Contract liabilities		23,315	10,731	–	–
Provisions		4,235	4,310	–	–
Interest bearing loans and borrowings	2(j)	1,060	1,845	–	–
Deferred consideration	2(k)	517	514	–	–
Current tax payables		–	6	–	–
Lease liabilities		388	192	–	–
		<u>43,128</u>	<u>27,303</u>	<u>367</u>	<u>519</u>
Non-current liabilities					
Deferred tax liabilities		358	375	–	–
Interest bearing loans and borrowings	2(j)	1,957	2,700	–	–
Deferred consideration	2(k)	1,099	1,674	–	–
Lease liabilities		259	76	–	–
		<u>3,673</u>	<u>4,825</u>	<u>–</u>	<u>–</u>
Total liabilities		<u>46,801</u>	<u>32,128</u>	<u>367</u>	<u>519</u>
Capital and reserves					
Share capital	2(l)	43,136	43,136	43,136	43,136
Share-based compensation reserve		381	381	381	381
Foreign currency translation reserve		(76)	308	–	–
Accumulated profits		17,431	13,205	2,346	1,081
Total equity		<u>60,872</u>	<u>57,030</u>	<u>45,863</u>	<u>44,598</u>
Total equity and liabilities		<u>107,673</u>	<u>89,158</u>	<u>46,230</u>	<u>45,117</u>

1(c) Consolidated statement of cash flows (Unaudited)
For the second half and financial year ended 30 June 2021

	Note	Group		Group	
		6-Month		Financial year	
		ended 30 Jun	ended 30 Jun	ended 30 Jun	ended 30 Jun
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Profit/(Loss) after tax		244	(987)	4,226	1,055
Adjustments for:					
Depreciation of property, plant and equipment	2(c)	2,363	2,092	4,706	4,338
Depreciation of right-of-use assets	2(d)	393	429	544	627
Amortisation of intangible assets		66	60	130	120
Property, plant and equipment written off		168	108	288	–
(Gain)/Loss on disposal of property, plant and equipment		(38)	2	(47)	3
Net (write-back)/allowance made for inventories obsolescence		(935)	565	173	725
Interest income		–	(6)	(19)	(20)
Interest expense		68	364	175	751
Provisions		1,105	1,941	2,404	4,793
Tax expense/(credit)	2(b)	157	(1,045)	1,417	(191)
Unrealised foreign exchange loss/(gain)		265	(35)	(291)	1,194
		<u>3,856</u>	<u>3,488</u>	<u>13,706</u>	<u>13,395</u>
Changes in working capital:					
Decrease in inventories		3,899	8,538	6,081	6,530
Decrease in trade and other receivables		419	4,672	628	4
Decrease/(increase) in prepayments		303	425	(482)	92
Decrease/(increase) in contract assets		8,432	(2,893)	8,530	(730)
Increase/(decrease) in contract liabilities		13,969	(1,816)	12,879	1,351
(Decrease)/increase in trade and other payables		(1,546)	4,236	3,476	398
Cash generated from operations		<u>29,332</u>	<u>16,650</u>	<u>44,818</u>	<u>21,040</u>
Net tax paid/(recovered)		–	151	(1)	41
Provisions expended		<u>(1,957)</u>	<u>(1,238)</u>	<u>(2,467)</u>	<u>(2,956)</u>
Net cash generated from operating activities		<u>27,375</u>	<u>15,563</u>	<u>42,350</u>	<u>18,125</u>
Cash flows from investing activities					
Interest received		–	6	19	20
Proceeds from disposal of property, plant and equipment		38	8	47	8
Purchase of property, plant and equipment		<u>(3,210)</u>	<u>(1,290)</u>	<u>(5,384)</u>	<u>(3,833)</u>
Net cash used in investing activities		<u>(3,172)</u>	<u>(1,276)</u>	<u>(5,318)</u>	<u>(3,805)</u>

1(c) Consolidated statement of cash flows (Unaudited) (cont'd)
For the second half and financial year ended 30 June 2021

	Group		Group	
	6-Month ended 30 Jun		Financial year ended 30 Jun	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
Interest paid on loans and borrowings	(41)	(307)	(135)	(723)
Interest paid on right-of-use assets	(27)	(45)	(40)	(28)
Proceeds from issue of shares	–	91	–	91
Repayment of lease liabilities	(322)	(131)	(634)	(339)
Repayment of bank borrowings	(525)	(11,279)	(1,001)	(15,651)
Repayment of deferred consideration	(260)	(207)	(501)	(494)
Proceeds from bank borrowings	175	–	175	4,989
Net cash used in financing activities	(1,000)	(11,878)	(2,136)	(12,155)
Net increase in cash and cash equivalents	23,203	2,409	34,896	2,165
Cash and cash equivalents at beginning of year	22,195	8,435	10,717	8,425
Effect of exchange rate changes on balances held in foreign currency	(185)	(127)	(400)	127
Cash and cash equivalents at end of year	45,213	10,717	45,213	10,717

2(h)

1(d) Consolidated statement of changes in equity (Unaudited)
For financial year ended 30 June 2021

Group	Share capital \$'000	Share-based compensation reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 July 2020	43,136	381	308	13,205	57,030
Total comprehensive income for the year					
Profit for the year	–	–	–	4,226	4,226
Other comprehensive income					
Translation differences relating to financial statements of foreign subsidiaries	–	–	(384)	–	(384)
Total other comprehensive income	–	–	(384)	–	(384)
Total comprehensive income for the year	–	–	(384)	4,226	3,842
At 30 June 2021	43,136	381	(76)	17,431	60,872

1(d) Consolidated statement of changes in equity (Unaudited) (cont'd)
For financial year ended 30 June 2020

Group	Share capital \$'000	Share-based compensation reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 July 2019	43,045	381	(473)	12,150	55,103
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	–	–	781	–	781
Total other comprehensive income	–	–	781	–	781
Total comprehensive income for the year	–	–	781	1,055	1,836
Transactions with owners, recorded directly in equity					
Share-based payments	91	–	–	–	91
At 30 June 2020	43,136	381	308	13,205	57,030

1(d) Company statement of changes in equity (Unaudited) (cont'd)
For financial year ended 30 June 2021

Company	Share capital \$'000	Share-based compensation reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 July 2020	43,136	381	1,081	44,598
Total comprehensive income for the year				
Profit for the year	–	–	1,265	1,265
<i>Other comprehensive income</i>				
Translation differences relating to financial statements of foreign subsidiaries	–	–	–	–
Total other comprehensive income	–	–	1,265	1,265
Total comprehensive income for the year	–	–	1,265	1,265
At 30 June 2021	43,136	381	2,346	45,863

1(d) Company statement of changes in equity (Unaudited) (cont'd)
For financial year ended 30 June 2020

Company	Share capital \$'000	Share-based compensation reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 July 2019	43,045	381	2,183	45,609
Total comprehensive income for the year				
Profit for the year	–	–	(1,102)	(1,102)
<i>Other comprehensive income</i>				
Translation differences relating to financial statements of foreign subsidiaries	–	–	–	–
Total other comprehensive income	–	–	(1,102)	(1,102)
Total comprehensive income for the year	–	–	(1,102)	(1,102)
Transactions with owners, recorded directly in equity				
Share-based payments	91	–	–	91
At 30 June 2020	43,136	381	1,081	44,598

2 (a) Profit before tax

The following items have been included in arriving at profit before tax:

	Note	Group		Group	
		6-Month		Financial year	
		ended 30 Jun	ended 30 Jun	ended 30 Jun	ended 30 Jun
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Wages, salaries and other employee benefits		12,063	14,468	26,585	28,768
Contributions to defined contribution plans, included in wages and salaries related costs		716	743	1,555	1,619
Restructuring (write-back)/costs*		(287)	1,511	(266)	1,511
Net (write-back)/allowance made for inventories obsolescence		(935)	565	173	725
Property, plant and equipment written off		168	108	288	–
Depreciation of property, plant and equipment	2 (c)	2,363	2,092	4,706	4,338
Depreciation of right-of-use assets	2 (d)	393	429	544	627
Amortisation of intangible assets		66	60	130	120
(Gain)/Loss on disposal of property, plant and equipment		(38)	2	(47)	3
Provision for warranty claims		1,090	1,941	2,389	3,188
Auditors' remuneration:					
- auditors of the Company		116	123	211	223
- overseas affiliates of KPMG LLP		60	65	109	118
Non-audit fees paid to:					
- auditors of the Company		63	56	76	101
Short-term lease expenses		74	136	146	277
<i>Other non-operating (expense)/income, net</i>					
Foreign exchange loss, net		(233)	(835)	(436)	(799)
Interest income from bank		–	6	19	20
Sundry income		–	49	–	57
Government grants		958	125	1,109	125
Others		(46)	(2)	(7)	18
		679	(657)	685	(579)

* In FY2020, the restructuring costs was included in other operating expenses in the consolidated income statement in the audited financial statements

2 (b) Tax credit

	Group		Group	
	6-Month		Financial year	
	ended 30 Jun	ended 30 Jun	ended 30 Jun	ended 30 Jun
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current and deferred tax				
Current year	157	(1,045)	1,417	(180)
Over provision in prior years	–	–	–	(11)
Tax expense/(credit)	157	(1,045)	1,417	(191)

2 (c) Property, plant and equipment

During the financial year, additions in property, plant and equipment were mainly due to capital expenditure incurred in relation to the purchase of property and equipment coupled with on-going enhancements to overseas facilities as well as development of new products.

2 (d) Right-of-use assets

The ROU assets as at 30 June 2021 were mainly related to leases of the offices occupied by the Group in the various locations.

Group	Office and factory lease \$'000	Buildings on leasehold land \$'000	Leasehold land* \$'000	Total \$'000
Cost				
At 1 July 2020	726	497	6,139	7,362
Additions	798	–	–	798
De-recognition of lease #	(728)	–	–	(728)
Translation adjustment	26	(3)	(36)	(13)
At 30 June 2021	<u>822</u>	<u>494</u>	<u>6,103</u>	<u>7,419</u>
Accumulated depreciation				
At 1 July 2020	440	17	179	636
Depreciation charge for the year	348	17	179	544
De-recognition of lease #	(638)	–	–	(638)
Translation adjustment	4	–	(2)	2
At 30 June 2021	<u>154</u>	<u>34</u>	<u>356</u>	<u>544</u>
Carrying amounts				
At 1 July 2020	<u>286</u>	<u>480</u>	<u>5,960</u>	<u>6,726</u>
At 30 June 2021	<u>668</u>	<u>460</u>	<u>5,747</u>	<u>6,875</u>

* Charged against bank borrowings see Note 2(j)

De-recognition is related to lease expiration amounting to \$603,000 and termination of a lease with cost of \$125,000 and accumulated depreciation of \$35,000

2 (e) Subsidiaries

	Company	
	2021 \$'000	2020 \$'000
Unquoted ordinary shares, at cost	21,726	21,726
Unquoted preference shares, at cost	15,222	15,222
Equity investments at cost	36,948	36,948
Amounts due from a subsidiary (non-current)	1,068	1,068
Total	38,016	38,016

The non-current amounts due from a subsidiary of \$ 1,068,000 (2020: \$1,068,000) are unsecured and the settlement of the amounts is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, part of the Company's net investment in the subsidiary, they are stated at cost.

2 (f) Inventories

	Group	
	2021 \$'000	2020 \$'000
Raw materials and components	11,253	10,356
Allowance for inventory obsolescence	(2,816)	(2,659)
	8,437	7,697
Stock boats at net realisable value	1,441	8,785
Work-in-progress stock boats	4,962	4,859
Total	14,840	21,341

In FY2021, changes in raw materials and components, stock boats and work-in-progress included in cost of sales amounted to \$70,071,790 (2020: \$79,560,341).

Usage of raw materials, changes in work-in-progress and changes in finished goods are main components of the cost of sales shown in profit or loss. Cost of sales also includes an allowance for inventory obsolescence which is provided to be consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Stock boats are carried at lower of cost and net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the reporting date. These estimates take into consideration market demand, competition, and selling price and cost directly relating to events occurring after the end of the financial year to the extent that such events confirm conditions existing at the end of the financial year.

2 (g) Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Trade receivables	471	792	–	–
Refundable deposits	115	131	–	–
Other receivables	–	67	–	–
Amounts due from subsidiaries (non-trade)	–	–	7,417	6,875
	<u>586</u>	<u>990</u>	<u>7,417</u>	<u>6,875</u>

The current outstanding balances with subsidiaries are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances with subsidiaries.

2 (h) Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	8,470	3,334	80	209
Short-term deposits	36,743	7,383	700	–
Cash and cash equivalents in the statement of cash flows	<u>45,213</u>	<u>10,717</u>	<u>780</u>	<u>209</u>

Cash at banks earns interest at floating rates based on the daily bank deposits rates. Short-term deposits are placed for varying periods of between 5 to 183 days (2020: 5 to 365 days) and earn interest at rates generally higher than those earned by cash and bank balances.

2 (i) Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Trade payables	2,048	2,427	–	–
Advance from customers	1,613	1,071	–	–
Accrued operating expenses	9,952	6,207	367	519
	<u>13,613</u>	<u>9,705</u>	<u>367</u>	<u>519</u>

2 (j) Interest bearing loans and borrowings

	Group	
	2021	2020
	\$'000	\$'000
Secured bank loan	3,017	4,545
Represented by:		
- Current	1,060	1,845
- Non-current	1,957	2,700
Total	3,017	4,545

As at 30 June 2021, the Group's subsidiaries have secured bank loan of \$2,500,000 (2020: \$4,545,000). The bank loan denominated in Malaysian Ringgit amounting to \$2,308,000 is secured over the leasehold land of the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia, which has a carrying amount of \$5,747,000 (2020: \$5,960,000) (see note 2(d)), while the bank loan denominated in United States Dollars amounting to \$192,000 is secured over leasehold submerged land of the Group's service yard in Florida, USA which has a carrying amount of \$84,000 (2020: \$87,000). Both loans have corporate guarantees provided by the Company to the respective banks.

The secured bank loans bear an interest rate ranging from 3.95% to 5.25% (2020: 4.2% to 5.2%) per annum and are repayable between year 2021 to 2026 (2020: 2020 to 2023). Interest rates are repriced within the year.

2 (k) Deferred consideration

	Group	
	2021	2020
	\$'000	\$'000
Secured promissory note		
- Current	517	514
- Non-current	1,099	1,674
	1,616	2,188

On 9 May 2018, one of the subsidiaries issued a promissory note to the seller for the acquisition of assets of Stuart Yacht Corporation ("SYC"). The promissory note is denominated in United States dollars and is secured over the shares of SYC. The secured promissory note bears a fixed interest rate of 4% and is repayable between year 2018 to 2024.

2 (l) Share capital

	2021		2020	
	Number of shares '000	\$'000	Number of shares '000	\$'000
Fully paid:				
Beginning of the year	184,635	43,136	184,235	43,045
Issue of shares pursuant to share plans	–	–	400	91
End of the year	184,635	43,136	184,635	43,136

A holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Group considers capital to be its share capital. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure and makes adjustment to it, in the light of changes in economic and financial market conditions. The Group may adjust the dividend payout to shareholders, buy back or issue new shares to optimise capital structure within the Group. The Group is in a net cash position. Net cash is calculated as cash and cash equivalents less external borrowings, if any.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

2 (m) Fair values of financial assets and financial liabilities

Fair values of financial assets and financial liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Note	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
Group					
30 June 2021					
Trade and other receivables	2(g)	586	–	586	586
Cash and cash equivalents	2(h)	45,213	–	45,213	45,213
		<u>45,799</u>	<u>–</u>	<u>45,799</u>	<u>45,799</u>
Trade and other payables*	2(i)	–	12,000	12,000	12,000
Interest bearing loans and borrowings	2(j)	–	3,017	3,017	3,017
Deferred consideration	2(k)	–	1,616	1,616	1,616
		<u>–</u>	<u>16,633</u>	<u>16,633</u>	<u>16,633</u>
30 June 2020					
Trade and other receivables	2(g)	990	–	990	990
Cash and cash equivalents	2(h)	10,717	–	10,717	10,717
		<u>11,707</u>	<u>–</u>	<u>11,707</u>	<u>11,707</u>
Trade and other payables*	2(i)	–	8,634	8,634	8,634
Interest bearing loans and borrowings	2(j)	–	4,545	4,545	4,545
Deferred consideration	2(k)	–	2,188	2,188	2,188
		<u>–</u>	<u>15,367</u>	<u>15,367</u>	<u>15,367</u>

* Excluding advance payments received from customers before the related construction work is performed

Interest-bearing loans and borrowings

No fair value is calculated for the floating rate loans as the Group believes that the carrying amounts, which are repriced within the year, reflect their corresponding fair values.

Deferred consideration

The carrying value based on the 4% interest rate from the secured promissory note represents the market rate.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity and where the effect of discounting is immaterial.

Accordingly, no fair value hierarchy information is disclosed for such financial assets and liabilities.

3 Segment information

The Group engages predominantly in the manufacturing and sale of luxury yachts. The Group assessed its operating segment and determined that it has two operating and reporting segments (2020: two operating and reporting segments) which is the manufacturing & trading segment – comprising manufacturing and sale of yachts to end customers (2020: manufacturing and sales of yachts to end customers) and others (being brokerage income, trade-in sales and service income).

The operating segments contains various functions that are inter-dependent to support the Group's operating activities and performance. Based on the combined activities of these key functions, the Group's CEO, who is the chief operating decision maker (CODM), assesses performance against an approved Group's budget and makes resource allocation decisions that will maximise the utilisation of production capacity and operating efficiency of the operating segments, to achieve the Group's budget.

Reconciliation includes unallocated head office revenue, expenses, assets, liabilities and consolidation adjustments which are not directly attributable to a particular segment.

3. Segment reporting for financial year ended 30 June

	← Reconciliation →									
	Manufacturing and trading segment		Others#		Corporate		Adjustments		Consolidated	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue and expenses										
External revenue	76,233	88,755	19,828	14,479	–	–	–	–	96,061	103,234
Inter-segment revenue	2,613	3,219	573	1,422	1,985	–	(5,171)	(4,641)	–	–
Total revenue	78,846	91,974	20,401	15,901	1,985	–	(5,171)	(4,641)	96,061	103,234
Segment results*	12,343	12,582	2,742	(161)	1,265	(1,102)	(5,171)	(4,641)	11,179	6,678
Depreciation and amortisation	(5,380)	(5,083)	–	–	–	–	–	–	(5,380)	(5,083)
Interest income	19	20	–	–	–	–	–	–	19	20
Interest expense	(175)	(751)	–	–	–	–	–	–	(175)	(751)
Operating profit before tax	6,807	6,768	2,742	(161)	1,265	(1,102)	(5,171)	(4,641)	5,643	864
Income tax (expense)/credit	(1,417)	191	–	–	–	–	–	–	(1,417)	191
Segment profit/(loss)	5,390	6,959	2,742	(161)	1,265	(1,102)	(5,171)	(4,641)	4,226	1,055

* Segment results: Earnings before Interest, Taxation, Depreciation and Amortisation

Others relate to ancillary sales such as brokerage income, service income and trade-in boats

3. Segment reporting for financial year ended 30 June (cont'd)

	← Reconciliation →									
	Manufacturing and trading segment		Others#		Corporate		Adjustments		Consolidated	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<i>Other material non-cash items:</i>										
Allowance made for inventory obsolescence	(173)	(725)	–	–	–	–	–	–	(173)	(725)
Property, plant and equipment written off	(288)	–	–	–	–	–	–	–	(288)	–
Provisions for warranty claims	(2,389)	(3,188)	–	–	–	–	–	–	(2,389)	(3,188)
Assets and liabilities										
Segment assets	104,014	81,355	–	3,354	46,230	45,117	(45,433)	(44,891)	104,811	84,935
Tax assets	2,862	4,225	–	–	–	–	–	–	2,862	4,225
Segment liabilities	46,076	31,229	–	–	367	519	–	–	46,443	31,748
Tax liabilities	358	382	–	–	–	–	–	–	358	382
Capital expenditures	5,384	3,833	–	–	–	–	–	–	5,384	3,833

* Segment results: Earnings before Interest, Taxation, Depreciation and Amortisation

Others relate to ancillary sales such as brokerage income, service income and trade-in boats

3. Segment reporting for second half ended 30 June

	← Reconciliation →									
	Manufacturing and trading segment		Others#		Corporate		Adjustments		Consolidated	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue and expenses										
External revenue	27,173	44,654	15,443	13,498	–	–	–	–	42,616	58,152
Inter-segment revenue	1,087	(197)	(81)	(412)	1,985	–	(2,991)	609	–	–
Total revenue	28,260	44,457	15,362	13,086	1,985	–	(2,991)	609	42,616	58,152
Segment results*	1,516	(1,130)	3,088	1,428	1,678	–	(2,991)	609	3,291	907
Depreciation and amortisation	(2,822)	(2,581)	–	–	–	–	–	–	(2,822)	(2,581)
Interest income	–	6	–	–	–	–	–	–	–	6
Interest expense	(68)	(364)	–	–	–	–	–	–	(68)	(364)
Operating profit before tax	(1,374)	(4,069)	3,088	1,428	1,678	–	(2,991)	609	401	(2,032)
Income tax credit	(157)	1,045	–	–	–	–	–	–	(157)	1,045
Segment (loss)/profit	(1,531)	(3,024)	3,088	1,428	1,678	–	(2,991)	609	244	(987)

* Segment results: Earnings before Interest, Taxation, Depreciation and Amortisation

Others relate to ancillary sales such as brokerage income, service income and trade-in boats

3. Segment reporting for second half ended 30 June (cont'd)

	← Reconciliation →									
	Manufacturing and trading segment		Others#		Corporate		Adjustments		Consolidated	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<i>Other material non-cash items:</i>										
Allowance made for inventory obsolescence	935	(565)	–	–	–	–	–	–	935	(565)
Property, plant and equipment written off	(168)	(108)	–	–	–	–	–	–	(168)	(108)
Provisions for warranty claims	(1,090)	(1,941)	–	–	–	–	–	–	(1,090)	(1,941)
Assets and liabilities										
Segment assets	104,014	81,355	–	3,354	46,230	45,117	(45,433)	(44,891)	104,811	84,935
Tax assets	2,862	4,225	–	–	–	–	–	–	2,862	4,225
Segment liabilities	46,076	31,229	–	–	367	519	–	–	46,443	31,748
Tax liabilities	358	382	–	–	–	–	–	–	358	382
Capital expenditures	3,210	1,290	–	–	–	–	–	–	3,210	1,290

* Segment results: Earnings before Interest, Taxation, Depreciation and Amortisation

Others relate to ancillary sales such as brokerage income, service income and trade-in boats

4. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customer is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition.

	Group		Group	
	6-month ended 30 Jun		Financial year ended 30 Jun	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Revenue from construction contracts	24,721	35,202	68,511	65,278
Revenue from brokerage boats	2,621	629	4,839	1,674
Rendering of services	1,778	952	2,757	1,748
Sales of stock boats	1,938	11,653	6,857	22,958
Sales trade-in boats	11,084	9,411	12,269	11,132
Sales of parts	474	305	828	444
	42,616	58,152	96,061	103,234

Timing of revenue recognition

	Group		Group	
	6-month ended 30 Jun		Financial year ended 30 Jun	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Transferred at a point in time	17,895	22,950	27,550	37,956
Transferred over time	24,721	35,202	68,511	65,278
	42,616	58,152	96,061	103,234

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

Revenue contributed by sales region is shown below:

	Group		Group	
	6-month ended 30 Jun		Financial year ended 30 Jun	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
USA	31,686	48,920	73,906	86,736
Europe (including United Kingdom)	4,182	–	10,152	–
Australia	6,746	9,232	12,001	16,498
Asia	2	–	2	–
	42,616	58,152	96,061	103,234

5. Corporate information

Grand Banks Yachts Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 21 Bukit Batok Crescent, #06-74, Wcega Tower, Singapore 658065.

The principal activities of the Company are those of an investment holding company with significant subsidiaries in the business of manufacturing and selling luxury yachts worldwide.

The financial statements of the Group as at and for the year ended 30 June 2021 comprise the Company and its subsidiaries.

6. Basis of preparation

The condensed interim financial statements for the twelve months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last financial statements for the period ended 30 June 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 9.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

7. Audit

The figures have not been audited or reviewed by auditors.

8. Auditors' report

Not applicable.

9. Accounting policies

Other than the adoption of the amendments to SFRS(I)s as mentioned in Note 10 below, there are no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 30 June 2020.

10. Changes in accounting policies

During the current financial year, the Group and the Company have adopted the following amendments to SFRS(I)s which took effect from the financial year beginning 1 July 2020:

- Amendments to References to Conceptual Framework in SFRS(I) Standards
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*
- Amendments to SFRS(I) 3 *Definition of a Business*
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*

The adoption of the above amendments to SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the year ended 30 June 2021. Accordingly, it has no material impact on the earnings per share of the Group and of the Company.

11. Earnings per ordinary share

	Group		Group	
	6-month ended 30 Jun 2021	2020	Financial year ended 30 Jun 2021	2020
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)	0.13	(0.53)	2.29	0.57
- On a fully diluted basis (cents)	0.13	(0.53)	2.29	0.57

12. Net value assets per share

	Group		Company	
	2021	2020	2021	2020
Net asset value (for the issuer and group) per ordinary share based on issued share capital of the insurer at the end of the:				
(a) Current period reported on; and				
(b) Immediately preceding financial year				
- Net value per ordinary share based on existing issued share capital at the end of the respective financial period/years (cents)	32.97	30.89	24.84	24.15

13. 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 2021 ("2H FY2021") decreased 26.7% to S\$42.6 million from S\$58.2 million for the same period ended 30 June 2020 ("2H FY2020") primarily due to the Group's manufacturing facility in Pasir Gudang, Johor, facing several shut-downs in compliance with the Malaysian Government's nation-wide order to curb the spread of the COVID-19 pandemic, halting operations for a total of almost two months. During this period, the Group recorded one stock boat sale and five trade-in boat sales, compared to seven stock boats and six trade-in boats sold in 2H FY2020.

Revenue for the full year ended 30 June 2021 (“FY2021”) amounted to S\$96.1 million, a decrease of 6.9% from S\$103.2 million a year ago (“FY2020”) for the same reasons as for 2H FY2021.

Gross profit

Despite the lower revenue, gross profit for 2H FY2021 remained stable at S\$7.7 million, similar to 2H FY2020. Gross profit margin increased to 18.1% from 13.2% over the comparative period, mainly due to a higher number of higher-margin boats sold in 2H FY2021. The unproductive costs incurred during the shut-downs in 2H FY2021 were S\$3.7 million (2H FY2020: S\$3.0 million).

For FY2021, gross profit increased to S\$20.7 million from S\$18.9 million in FY2020, and gross profit margin increased to 21.5% from 18.3% over the comparative periods for similar reasons as for 2H FY2021.

Operating expenses

Total operating expenses – including costs relating to boat shows, sales and marketing, as well as salaries and commission expenses – decreased to S\$7.9 million for 2H FY2021 from S\$8.7 million for 2H FY2020, a period which had included restructuring costs of S\$1.5 million relating to the provisions for the closure of the manufacturing operations in Australia that was completed in February 2021. The Group has consolidated all manufacturing activities to the Malaysian factory since December 2020 in order to raise production capacity and modernise and integrate operations. In 2H FY2021, the Group incurred higher sales commissions and payroll costs.

Other non-operating income in 2H FY2021 arose from receipts of pandemic-related Government grants of S\$1.0 million (2H FY2020: S\$0.1 million), partially offset by foreign exchange losses. Lower finance costs in 2H FY2021 were due to the absence of inventory boats under financing.

Total operating expenses for FY2021 decreased to S\$15.5 million from S\$16.7 million in FY2020, due mainly to the absence of restructuring costs (that occurred in FY2020) and lower boat show expenses, partially offset by higher sales commissions and payroll costs.

Other non-operating income and expenses in FY2021 and FY2020, respectively, were due to the same reasons as for 2H FY2021 and 2H FY2020. Lower finance costs in FY2021 were due to the absence of inventory boats under financing.

Taxation

Tax expenses in 2H FY2021 and FY2021 were related to the utilization of deferred tax assets by profitable subsidiaries. The tax credits in 2H FY2020 and FY2020, were due to the recognition of deferred tax assets, arising from unutilised tax losses and capital allowances of subsidiaries.

Profit

As a result of the above, the Group recorded a net profit of S\$0.2 million in 2H FY2021 (2H FY2020: S\$1.0 million net loss) and a net profit of S\$4.2 million in FY2021 (FY2020: S\$1.1 million net profit).

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\$27.4 million for 2H FY2021 compared to S\$15.6 million for 2H FY2020. This was mainly due to the profitable 2H FY2021 (losses in 2H FY2020), decrease in inventories and contract assets as well as increase in contract liabilities, partially offset by lower payables. The decrease in inventories was due to the sales of stock and trade-in boats. The decrease in contract assets was due to slower boat construction in June 2021 due to temporary shut-downs of the Malaysian factory. The increase in contract liabilities was due to down payments received from customers ahead of production schedule for the construction of boats.

Cash flows used in investing activities amounted to S\$3.2 million in 2H FY2021 mainly due to the development of new products and purchase and improvement of properties in the USA. The Group has undertaken a project at the Stuart facility to replace the existing roof with a bigger one to increase the covered space for operational use. As at financial year ended 30 June 2021, this project is still in progress. In comparison, cash flows used in investing activities totalled S\$1.3 million in 2H FY2020 principally due to the development of new products.

Repayments of borrowings resulted in negative cash flows used for financing activities of S\$1.0 million in 2H FY2021 and S\$11.9 million in 2H FY2020. The Group's borrowings were used to finance part of lease renewal consideration for the Malaysian yard in FY2016, partial financing of its acquisition of the U.S. yard in FY2018 and for the purchase of equipment and financing of inventory boats. The Group fully repaid the borrowings for the financing of inventory boats in 2H FY2020, resulting in the high negative cash flows in 2H FY2020.

As a result of the above, cash and cash equivalents increased to S\$45.2 million as at 30 June 2021 from S\$22.2 million as at 31 December 2020. Borrowings decreased to S\$4.6 million as at 30 June 2021 from S\$5.3 million as at 31 December 2020.

On a full-year basis, cash flows from operations rose to S\$42.4 million in FY2021 compared to S\$18.1 million in FY2020, primarily due to lower inventories and contract assets, as well as higher contract liabilities and payables. The decrease in inventories and contract assets, as well as the increase in contract liabilities, were due to the same reasons as for 2H FY2021. The increase in payables was due to accruals of operating expenses.

Cash flows used in investing activities for FY2021 amounted to S\$5.3 million, for similar reasons as for 2H FY2021. In comparison, cash flows used in investing activities in FY2020 were S\$3.8 million, mainly for the development of new products.

Repayment of borrowings resulted in negative cash flows used in financing activities of S\$2.1 million in FY2021 and S\$12.2 million in FY2020. The Group's borrowings were to finance part of lease renewal consideration of the Malaysian yard in FY2016, partial financing of its acquisition of the U.S. yard in FY2018 as well as of equipment and financing of inventory boats. The Group fully repaid the borrowings for the financing of inventory boats in 2H FY2020, resulting in the high negative cash flows in FY2020. The drawdown of loan in FY2020 was for the financing of inventory boats.

Cash and cash equivalents increased to S\$45.2 million as at 30 June 2021 from S\$10.7 million as at 30 June 2020 due to the above factors. Borrowings decreased to S\$4.6 million as at 30 June 2021 from S\$6.7 million as at 30 June 2020.

Review of Financial Position

Non-current assets remained relatively constant at S\$43.0 million as at 30 June 2021, compared to S\$43.7 million as at 30 June 2020. Current assets increased to S\$64.7 million as at 30 June 2021 from S\$45.4 million as at 30 June 2020, mainly due to higher cash and cash equivalents, partially offset by lower inventories and contract assets.

Total liabilities increased to S\$46.8 million as at 30 June 2021 from S\$32.1 million as at 30 June 2020, mainly due to higher payables, contract liabilities, partially offset by lower borrowings.

Contract liabilities of S\$23.3 million contributed to the cash and cash equivalent of S\$45.2 million as at 30 June 2021.

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

Not applicable.

15. 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.

In compliance with the Malaysian Government's Movement Control Orders, the Group's manufacturing facility in Pasir Gudang, Johor has halted operations since 1 June 2021. Despite the negative operational and financial impact experienced in 2H FY2021, the Group closed its sixth consecutive profitable year in FY2021.

Demand for luxury yachts has been rising, especially in the United States, the Group's main market. Border restrictions due to the pandemic have curtailed leisure travel, and high net worth individuals are turning to luxury yachts as an attractive alternative. In response to the high demand amid restricted or curtailed movements, the Group is focusing on digital engagement through digital marketing and sales initiatives. These efforts have helped the Group record 40 new boat orders and six trade-in boat orders during the financial year, with the net order book totalling S\$116.9 million as at 30 June 2021 compared to S\$48.9 million as at 30 June 2020.

The Group has undertaken a vaccination programme, to supplement the Malaysian Government's one, to vaccinate its entire remaining yet to be vaccinated Malaysian workforce, administering the first dose of the vaccine to its workers on 6 August 2021 and the second dose on 27 August 2021. Partial operations at the Pasir Gudang yard has resumed in August 2021 and is expected to progressively return to full capacity by mid-September 2021, barring unforeseen circumstances.

16. Dividend

a) Current Financial Period Reported on

Any distribution declared for the current period? Yes

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

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 cent)	-
Tax Rate	-

c) Date of Payment

To be announced later.

d) Books closure date

To be announced later.

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

Not applicable.

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:

	2021	2020
	\$'000	\$'000
Ordinary	923	-
Preference	-	-
Total	923	-

19. 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 was leased to PBM Y, one of the Group's subsidiary companies. For the period from 1 July 2020 through 28 February 2021, the monthly rental amount paid by PBM Y for use of the manufacturing facility was approximately S\$23,000. The transactions have been reviewed by the Risk Management & Audit Committee ("RMAC") of the Company, and the RMAC is of the view that the term of the transaction is on normal commercial terms and is not prejudicial to the interest of the Company and its minority shareholders.

With the closure of the Berkeley Vale facility, the lease has been terminated.

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

Not applicable for announcement of full year financial statements.

21. Report of person 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 shareholders of the Company.

22. 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.

23. 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
27 August 2021