



GRAND BANKS YACHTS LIMITED

(Company Registration No.: 197601189E)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 30 JUNE 2022

TABLE OF CONTENTS	Page No
1. (a) Consolidated Income Statement	1
Consolidated Statement of Comprehensive Income	2
(b) Consolidated Statements of Financial Position	3
(c) Consolidated Statement of Cash flows	4 - 5
(d) Consolidated Statement of Changes in Equity	6 - 7
2. Notes to Accounts	
(a) Profit before tax	8
(b) Tax credit/(expense)	8
(c) Property, plant and equipment	9
(d) Right-of-use assets	9
(e) Subsidiaries	9
(f) Inventories	10
(g) Trade and other receivables	10
(h) Cash and cash equivalents	10
(i) Trade and other payables	11
(j) Interest bearing loans and borrowings	11
(k) Deferred consideration	11
(l) Share capital	12
(m) Fair values of financial assets and financial liabilities	12 - 13
3. Segment Information	13 - 17
4. Disaggregation of Revenue	18
5. Corporate Information	19
6. Basis of Preparation	19
7. Audit	19
8. Auditors' Report	19
9. Accounting Policies	19
10. Changes in Accounting Policies	19 - 20
11. Earnings per Ordinary Share	20
12. Net Value Asset per Share	20

TABLE OF CONTENTS	Page No
Other Information:	21 - 23
13. Review of Group Performance	
14. Variance from Prospect Statement	23
15. Competitive Conditions of the Industry	23
16. Dividend	23 - 24
17. Dividend Declared/Recommended	24
18. Breakdown of Total Annual Dividend	24
19. Interested Person Transactions	24
20. Negative Confirmation pursuant to Rule 705(5)	24
21. Report of managerial position related to a Director, Chief Executive Officer or substantial Shareholders of the Company	24
22. Status of Proceeds raised from IPO	25
23. Undertakings from all Directors and Executive Officers pursuant to Rule 720(1)	25

1 (a) Consolidated income statement (Unaudited)
For the second half and financial year ended 30 June 2022

	Note	Group 6-Month ended 30 Jun			Group Financial year ended 30 Jun		
		2022	2021	Change %	2022	2021	Change %
		\$'000	\$'000		\$'000	\$'000	
Revenue	4	41,409	42,616	(2.8)	75,177	96,061	(21.7)
Cost of sales		(28,951)	(34,878)	(17.0)	(55,214)	(75,371)	(26.7)
Gross profit		<u>12,458</u>	<u>7,738</u>	61.0	<u>19,963</u>	<u>20,690</u>	(3.5)
Selling and marketing expenses		(5,349)	(4,651)	15.0	(10,637)	(9,084)	17.1
Administrative expenses		(2,903)	(3,144)	(7.7)	(5,852)	(5,996)	(2.4)
Other operating expenses		(537)	(109)	>100	(800)	(433)	84.8
Total operating expenses		<u>(8,789)</u>	<u>(7,904)</u>	11.2	<u>(17,289)</u>	<u>(15,513)</u>	11.4
Profit/(Loss) from operations		3,669	(166)	N.m	2,674	5,177	(48.4)
Other non-operating income, net	2(a)	77	679	(88.7)	505	685	(26.3)
Finance cost		(116)	(112)	3.6	(231)	(219)	5.5
Profit before tax	2(a)	<u>3,630</u>	<u>401</u>	>100	<u>2,948</u>	<u>5,643</u>	(47.8)
Tax credit/(expense)	2(b)	<u>1,078</u>	<u>(157)</u>	N.m	<u>1,066</u>	<u>(1,417)</u>	N.m
Profit for the year attributable to owners of the Company		<u><u>4,708</u></u>	<u><u>244</u></u>	>100	<u><u>4,014</u></u>	<u><u>4,226</u></u>	(5.0)

N.m – Percentage / Computation not meaningful

1 (a) Consolidated income statement (Unaudited)
For the second half and financial year ended 30 June 2022

	Group			Group		
	6-Month		Inc/(Dec)	Financial year		Inc/(Dec)
	ended 30 Jun	ended 30 Jun		ended 30 Jun	ended 30 Jun	
	2022	2021	%	2022	2021	%
	\$'000	\$'000		\$'000	\$'000	
Profit for the period/year	4,708	244	>100	4,014	4,226	(5.0)
Other comprehensive loss						
Items that may be reclassified						
subsequently to profit or loss						
Translation differences relating to financial statements of foreign subsidiaries	(421)	(285)	47.7	(478)	(384)	24.5
Other comprehensive loss for the period/year, net of income tax	(421)	(285)	47.7	(478)	(384)	24.5
Total comprehensive income/(loss) for the period/year attributable to owners of the Company	4,287	(41)	N.m	3,536	3,842	(8.0)

N.m – Percentage / Computation not meaningful

1 (b) Consolidated statements of financial position (Unaudited)
For financial year ended 30 June 2022

	Note	Group		Company	
		30-Jun-22 \$'000	30-Jun-21 \$'000	30-Jun-22 \$'000	30-Jun-21 \$'000
Non-current assets					
Property, plant and equipment	2(c)	27,852	25,269	–	–
Right-of-use assets	2(d)	6,195	6,630	–	–
Subsidiaries	2(e)	–	–	38,016	38,016
Intangible assets		7,475	8,014	–	–
Deferred tax assets		3,958	2,858	–	–
		<u>45,480</u>	<u>42,771</u>	<u>38,016</u>	<u>38,016</u>
Current assets					
Inventories	2(f)	14,587	14,840	–	–
Contract assets		7,281	2,764	–	–
Trade and other receivables	2(g)	8,131	586	3,931	7,417
Prepayments		1,177	1,250	17	17
Current tax recoverable		1	4	–	–
Cash and cash equivalents	2(h)	36,337	45,213	4,056	780
		<u>67,514</u>	<u>64,657</u>	<u>8,004</u>	<u>8,214</u>
Total assets		<u>112,994</u>	<u>107,428</u>	<u>46,020</u>	<u>46,230</u>
Current liabilities					
Trade and other payables	2(i)	16,380	13,612	419	367
Contract liabilities		23,923	23,315	–	–
Provisions		3,923	4,235	–	–
Interest bearing loans and borrowings	2(j)	1,216	1,060	–	–
Deferred consideration	2(k)	557	517	–	–
Lease liabilities		198	164	–	–
		<u>46,197</u>	<u>42,903</u>	<u>419</u>	<u>367</u>
Non-current liabilities					
Deferred tax liabilities		301	358	–	–
Interest bearing loans and borrowings	2(j)	2,310	1,957	–	–
Deferred consideration	2(k)	580	1,099	–	–
Lease liabilities		121	239	–	–
		<u>3,312</u>	<u>3,653</u>	<u>–</u>	<u>–</u>
Total liabilities		<u>49,509</u>	<u>46,556</u>	<u>419</u>	<u>367</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		(554)	(76)	–	–
Accumulated profits		20,522	17,431	2,084	2,346
Total equity		<u>63,485</u>	<u>60,872</u>	<u>45,601</u>	<u>45,863</u>
Total equity and liabilities		<u>112,994</u>	<u>107,428</u>	<u>46,020</u>	<u>46,230</u>

1 (c) Consolidated statement of cash flows (Unaudited)
For the second half and financial year ended 2022

	Note	Group		Group	
		6-Month		Financial year	
		ended 30 Jun	ended 30 Jun	ended 30 Jun	ended 30 Jun
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Profit after tax		4,708	244	4,014	4,226
Adjustments for:					
Depreciation of property, plant and equipment	2(c)	2,131	2,363	4,510	4,706
Depreciation of right-of-use assets	2(d)	162	361	359	512
Amortisation of intangible assets		63	66	127	130
Property, plant and equipment written off/(write-back)		38	(118)	69	2
Loss on disposal of property, plant and equipment		–	147	–	138
Allowance/(Write-back) made for inventories obsolescence, net		391	(1,136)	380	(28)
Loan forgiveness		–	(642)	–	(642)
Interest income		(36)	–	(41)	(19)
Interest expense		116	112	231	219
Tax (credit)/expense	2(b)	(1,078)	157	(1,066)	1,417
Unrealised foreign exchange loss/(gain)		92	188	138	(368)
		<u>6,587</u>	<u>1,742</u>	<u>8,721</u>	<u>10,293</u>
Changes in:					
- Inventories		(3,827)	4,101	(298)	6,283
- Trade and other receivables		(3,964)	(213)	(6,620)	(4)
- Prepayments		347	303	68	(482)
- Contract assets		(2,679)	8,435	(4,597)	8,533
- Contract liabilities		(1,970)	13,969	404	12,879
- Trade and other payables		469	(751)	1,714	4,271
- Provisions		6	(892)	(264)	(103)
Cash (used in)/generated from operations		<u>(5,031)</u>	<u>26,694</u>	<u>(872)</u>	<u>41,670</u>
Net income taxes refund/(paid)		10	(122)	(36)	(123)
Net cash (used in)/generated from operating activities		<u>(5,021)</u>	<u>26,572</u>	<u>(908)</u>	<u>41,547</u>
Cash flows from investing activities					
Interest received		36	–	41	19
Proceeds from disposal of property, plant and equipment		–	38	–	47
Purchase of property, plant and equipment		(4,261)	(2,639)	(7,255)	(4,813)
Net cash used in investing activities		<u>(4,225)</u>	<u>(2,601)</u>	<u>(7,214)</u>	<u>(4,747)</u>

1 (c) Consolidated statement of cash flows (Unaudited) (cont'd)
For the second half and financial year ended 2022

	Group		Group	
	6-Month ended 30 Jun		Financial year ended 30 Jun	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
Interest paid on loans and borrowings	(105)	(110)	(210)	(204)
Interest paid on right-of-use assets	(11)	(2)	(21)	(15)
Dividend paid	–	–	(923)	–
Repayment of lease liabilities	(61)	(108)	(148)	(301)
Repayment of interest-bearing loans and borrowings	(647)	(1,009)	(4,378)	(1,604)
Repayment of deferred consideration	(264)	(260)	(521)	(501)
Proceeds from interest-bearing loans and borrowings	560	192	4,852	192
Net cash used in financing activities	(528)	(1,297)	(1,349)	(2,433)
Net (decrease)/increase in cash and cash equivalents	(9,774)	22,674	(9,471)	34,367
Cash and cash equivalents at beginning of period/year	45,418	22,193	45,213	10,717
Effect of exchange rate changes on balances held in foreign currency	693	346	595	129
Cash and cash equivalents at end of period/year	2(h) 36,337	45,213	36,337	45,213

1 (d) Consolidated statement of changes in equity (Unaudited)
For financial year ended 30 June 2022

Group	Share capital \$'000	Share-based compensation reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 July 2021	43,136	381	(76)	17,431	60,872
Total comprehensive income for the year					
Profit for the year	–	–	–	4,014	4,014
<i>Other comprehensive income</i>					
Translation differences relating to financial statements of foreign subsidiaries	–	–	(478)	–	(478)
Total other comprehensive income	–	–	(478)	–	(478)
Total comprehensive income for the year	–	–	(478)	4,014	3,536
Transactions with owners, recorded directly in equity					
Dividend payment	–	–	–	(923)	(923)
Total transactions with owners	–	–	–	(923)	(923)
At 30 June 2022	43,136	381	(554)	20,522	63,485

1 (d) Consolidated statement of changes in equity (Unaudited)
For financial year ended 30 June 2022

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
<i>Other comprehensive income</i>					
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

2 (a) Profit before tax

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

	Note	Group 6-Month ended 30 Jun		Group Financial year ended 30 Jun	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
Wages, salaries and other employee benefits		14,345	12,268	26,386	26,585
Contributions to defined contribution plans, included in wages, salaries and other employee benefits		586	744	1,411	1,555
Write-back of restructuring costs		–	(266)	–	(266)
Allowance/(Write-back) made for inventories obsolescence, net		391	(1,136)	380	(28)
Property, plant and equipment written off/(write-back)		38	(118)	69	2
Depreciation of property, plant and equipment	2 (c)	2,131	2,363	4,510	4,706
Depreciation of right-of-use assets	2 (d)	162	361	359	512
Amortisation of intangible assets		63	66	127	130
Loss on disposal of property, plant and equipment		–	147	–	138
Provision for warranty claims		1,397	1,326	2,175	2,625
Auditors' remuneration:					
- auditors of the Company		170	140	300	265
- overseas affiliates of KPMG LLP		30	30	60	55
Non-audit fees paid to:					
- auditors of the Company		53	42	62	76
Short-term lease expenses		40	73	109	146
Other non-operating income, net					
Foreign exchange gain/(loss), net		6	(231)	33	(436)
Interest income from bank		36	–	41	19
Government grants *		–	952	296	1,095
Sundry income		28	6	37	14
Others		7	(48)	98	(7)
		<u>77</u>	<u>679</u>	<u>505</u>	<u>685</u>

* In FY2022, the Group received wages subsidy from the Malaysia Government amounting to \$296,000 due to the COVID-19 pandemic. In FY2021, the Group recognised grant income amounting to \$642,000 in the form of loan forgiveness from the U.S. Small Administration pertaining to loan taken up in prior year. The Group also received wages subsidy from the Malaysia Government amounting to \$263,000, Government's Economic Relief from Australian Taxation Office amounting to \$50,000 and Job Support Scheme from the Singapore Government amounting to \$132,000 due to the COVID-19 pandemic. The remaining grants were related to Wages Credit Scheme received from Singapore Government amounting to \$8,000.

2 (b) Tax credit/(expense)

	Group 6-Month ended 30 Jun		Group Financial year ended 30 Jun	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Current tax (expense)/credit	(26)	341	(145)	(110)
Deferred tax credit/(expense)	1,104	(498)	1,211	(1,307)
Tax credit/(expense)	<u>1,078</u>	<u>(157)</u>	<u>1,066</u>	<u>(1,417)</u>

The deferred tax credit arose from the recognition of unutilised tax losses, capital allowances and reinvestment allowances.

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 2022 were mainly related to leases of the offices occupied by the Group in the various locations.

	Office and factory lease \$'000	Buildings on leasehold land \$'000	Leasehold land* \$'000	Total \$'000
Group				
Cost				
At 1 July 2021	555	494	6,103	7,152
Additions	87	–	–	87
Translation adjustment	(31)	(12)	(145)	(188)
At 30 June 2022	<u>611</u>	<u>482</u>	<u>5,958</u>	<u>7,051</u>
Accumulated depreciation				
At 1 July 2021	132	34	356	522
Depreciation charge for the year	193	–	166	359
Translation adjustment	(13)	(1)	(11)	(25)
At 30 June 2022	<u>312</u>	<u>33</u>	<u>511</u>	<u>856</u>
Carrying amounts				
At 1 July 2021	423	460	5,747	6,630
At 30 June 2022	<u>299</u>	<u>449</u>	<u>5,447</u>	<u>6,195</u>

* Charged against bank borrowings see Note 2(j)

2 (e) Subsidiaries

	Company	
	2022 \$'000	2021 \$'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	<u>38,016</u>	<u>38,016</u>

The non-current amounts due from a subsidiary of \$1,068,000 (2021: \$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	
	2022 \$'000	2021 \$'000
Raw materials and components	15,775	16,138
Allowance for inventories obsolescence	(3,233)	(2,816)
	12,542	13,322
Completed stock boats at net realisable value	1,508	1,441
Work-in-progress	537	77
Total	14,587	14,840

In FY2022, changes in raw materials and components, stock boats and work-in-progress included in cost of sales amounted to \$46,040,981 (2021: \$70,071,790).

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 inventories 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade receivables	8,020	471	–	–
Refundable deposits	111	115	–	–
Amounts due from subsidiaries (non-trade)	–	–	3,931	7,417
	8,131	586	3,931	7,417

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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash and bank balances	9,406	8,470	55	80
Short-term deposits	26,931	36,743	4,001	700
Cash and cash equivalents in the statement of cash flows	36,337	45,213	4,056	780

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 (2021: 5 to 365 days) and earn interest at rates averaging from Nil% to 2.46% (2021: Nil% to 2.00%) per annum.

2 (i) Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Trade payables	4,383	2,048	–	–
Advance from customers	1,899	1,613	–	–
Accrued operating expenses	10,098	9,951	419	367
	16,380	13,612	419	367

2 (j) Interest bearing loans and borrowings

	Group	
	2022	2021
	\$'000	\$'000
Secured bank loan	3,526	3,017
Represented by:		
- Current	1,216	1,060
- Non-current	2,310	1,957
Total	3,526	3,017

As at 30 June 2022, the Group's subsidiaries have secured bank loan of \$3,526,000 (2021: \$3,017,000). The bank loan denominated in Malaysian Ringgit amounting to \$1,478,000 (2021: \$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 \$5,447,000 (2021: \$5,747,000) (see note 2(d)), while the bank loan denominated in United States Dollars amounting to \$1,587,000 (2021: \$192,000) is secured over freehold submerged land of the Group's service yard in Florida, USA which has a carrying amount of \$87,000 (2021: \$84,000). Both loans have corporate guarantees provided by the Company to the respective banks.

The outstanding bank loan denominated in United States dollars amounting to \$461,000 (2021: \$517,000) is secured over a travel lift included within the Group's plant and machinery, which has a carrying amount of \$553,000 (2021: \$684,000).

The secured bank loans bear an interest rate ranging from 3.95% to 5.25% (2021: 3.95% to 5.25%) per annum and are repayable between year 2022 to 2026 (FY2021: 2021 to 2026). Interest rates are repriced within the year.

2 (k) Deferred consideration

	Group	
	2022	2021
	\$'000	\$'000
Secured promissory note		
- Current	557	517
- Non-current	580	1,099
	1,137	1,616

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

	2022		2021	
	Number of shares '000	\$'000	Number of shares '000	\$'000
Fully paid:				
Beginning and 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 ordinary 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 2022					
Trade and other receivables	2(g)	8,131	–	8,131	8,131
Cash and cash equivalents	2(h)	36,337	–	36,337	36,337
		<u>44,468</u>	<u>–</u>	<u>44,468</u>	<u>44,468</u>
Trade and other payables*	2(i)	–	14,481	14,481	14,481
Interest bearing loans and borrowings	2(j)	–	3,526	3,526	3,526
Deferred consideration	2(k)	–	1,137	1,137	1,137
		<u>–</u>	<u>19,144</u>	<u>19,144</u>	<u>19,144</u>
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)	–	11,999	11,999	11,999
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>16,632</u>	<u>16,632</u>	<u>16,632</u>

* Excluding advance payments received from customers

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 which are the manufacturing & trading segment – comprising manufacturing and sale of yachts to end customers and others (being brokerage income, trade-in sales and service income).

The operating segments contain various functions that are interdependent 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
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue and expenses										
External revenue	64,949	76,233	10,228	19,828	–	–	–	–	75,177	96,061
Inter-segment revenue	6,780	2,613	1,900	573	1,474	1,985	(10,154)	(5,171)	–	–
Total revenue	71,729	78,846	12,140	20,401	1,474	1,985	(10,154)	(5,171)	75,177	96,061
Segment results*	12,506	12,355	5,121	2,742	661	1,265	(10,154)	(5,171)	8,134	11,191
Depreciation and amortisation	(4,996)	(5,348)	–	–	–	–	–	–	(4,996)	(5,348)
Interest income	41	19	–	–	–	–	–	–	41	19
Interest expense	(231)	(219)	–	–	–	–	–	–	(231)	(219)
Operating profit before tax	7,320	6,807	5,121	2,742	661	1,265	(10,154)	(5,171)	2,948	5,643
Income tax credit/(expense)	1,066	(1,520)	–	103	–	–	–	–	1,066	(1,417)
Segment profit	8,386	5,287	5,121	2,845	661	1,265	(10,154)	(5,171)	4,014	4,226

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

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

	← Reconciliation →									
	Manufacturing and trading segment		Others		Corporate		Adjustments		Consolidated	
	\$'000 2022	\$'000 2021	\$'000 2022	\$'000 2021	\$'000 2022	\$'000 2021	\$'000 2022	\$'000 2021	\$'000 2022	\$'000 2021
<i>Other material non-cash items:</i>										
(Allowance)/Write-back made for inventories obsolescence, net	(380)	28	–	–	–	–	–	–	(380)	28
Property, plant and equipment written off	(69)	(2)	–	–	–	–	–	–	(69)	(2)
Provisions for warranty claims	(2,175)	(2,625)	–	–	–	–	–	–	(2,175)	(2,625)
Assets and liabilities										
Segment assets	104,962	103,769	–	–	46,020	46,230	(41,947)	(45,433)	109,035	104,566
Tax assets	3,959	2,862	–	–	–	–	–	–	3,959	2,862
Segment liabilities	48,789	45,831	–	–	419	367	–	–	49,208	46,198
Tax liabilities	301	358	–	–	–	–	–	–	301	358
Capital expenditures	7,255	5,375	–	–	–	–	–	–	7,255	5,375

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
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue and expenses										
External revenue	35,937	27,173	5,472	15,443	–	–	–	–	41,409	42,616
Inter-segment revenue	6,655	1,087	1,900	(81)	1,474	1,985	(10,029)	(2,991)	–	–
Total revenue	42,592	28,260	7,384	15,362	1,474	1,985	(10,029)	(2,991)	41,409	42,616
Segment results*	11,572	1,528	3,511	3,088	1,012	1,678	(10,029)	(2,991)	6,066	3,303
Depreciation and amortisation	(2,356)	(2,790)	–	–	–	–	–	–	(2,356)	(2,790)
Interest income	36	–	–	–	–	–	–	–	36	–
Interest expense	(116)	(112)	–	–	–	–	–	–	(116)	(112)
Operating profit before tax	9,136	(1,374)	3,511	3,088	1,012	1,678	(10,029)	(2,991)	3,630	401
Income tax credit	1,078	(157)	–	–	–	–	–	–	1,078	(157)
Segment profit/ (loss)	10,214	(1,531)	3,511	3,088	1,012	1,678	(10,029)	(2,991)	4,708	244

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

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
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<i>Other material non-cash items:</i>										
(Allowance)/Write-back made for inventories obsolescence, net	(391)	1,136	—	—	—	—	—	—	(391)	1,136
Property, plant and equipment written off	(38)	(118)	—	—	—	—	—	—	(38)	(118)
Provisions for warranty claims	(1,397)	(1,326)	—	—	—	—	—	—	(1,397)	(1,326)
Assets and liabilities										
Segment assets	104,962	103,769	—	—	46,020	46,230	(41,947)	(45,433)	109,035	104,566
Tax assets	3,959	2,862	—	—	—	—	—	—	3,959	2,862
Segment liabilities	48,789	45,831	—	—	419	367	—	—	49,208	46,198
Tax liabilities	301	358	—	—	—	—	—	—	301	358
Capital expenditures	4,261	3,201	—	—	—	—	—	—	4,261	3,201

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	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Revenue from construction contracts	34,925	24,721	63,093	68,511
Revenue from brokerage boats	2,799	2,621	6,112	4,839
Rendering of services	3,635	1,778	5,819	2,757
Sales of stock boats	–	1,938	–	6,857
Sales trade-in boats	–	11,084	–	12,269
Sales of parts	50	474	153	828
	41,409	42,616	75,177	96,061

Timing of revenue recognition

	Group		Group	
	6-month ended 30 Jun		Financial year ended 30 Jun	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Transferred at a point in time	6,484	17,895	12,084	27,550
Transferred over time	34,925	24,721	63,093	68,511
	41,409	42,616	75,177	96,061

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	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
USA	23,634	31,686	44,765	73,906
Europe (including United Kingdom)	530	4,182	531	10,152
Australia	16,777	6,746	29,372	12,001
Asia	468	2	509	2
	41,409	42,616	75,177	96,061

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 2022 comprise the Company and its subsidiaries.

6. Basis of preparation

The condensed interim financial statements for the twelve months ended 30 June 2022 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/year ended 30 June 2021.

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 10.

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 2021.

10. Changes in accounting policies

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following amendments to SFRS(I) are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Reference to the Conceptual Framework (Amendments to SFRS(I) 3);*
- *Property, plant and equipment – Proceeds before Intended Use (Amendments to SFRS(I) 16);*
- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to SFRS(I) 1-37);*
- *Annual Improvements to SFRS(I)s 2018-2020;*
- *Insurance Contracts (SFRS(I) 17 and amendments to SFRS(I) 17);*
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1);*
- *Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2);*

- *Definition of Accounting Estimates (Amendments to SFRS(I) 1-8);*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-2).*

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 2022. 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 2022	2021	Financial year ended 30 Jun 2022	2021
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)	2.55	0.13	2.17	2.29
- On a fully diluted basis (cents)	2.54	0.13	2.17	2.29

12. Net value assets per share

	Group		Company	
	2022	2021	2022	2021
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/year (cents)	34.38	32.97	24.70	24.84

Other Information:

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 2022 ("2H FY2022") decreased 2.8% to S\$41.4 million from S\$42.6 million for the same period ended 30 June 2021 ("2H FY2021") primarily due to the absence of stock and trade-in boat sales in 2H FY2022, compared to one stock boat and five trade-in boat sales in 2H FY2021.

Revenue for the full year ended 30 June 2022 ("FY2022") amounted to S\$75.2 million, a decrease of 21.7% from S\$96.1 million a year ago ("FY2021") due to the absence of trade-in and stock boat sales in FY2022, compared to three stock boats and six trade-in boats sold in FY2021, and disruptions in 1H FY2022 to operations at the Group's manufacturing facility in Pasir Gudang, Johor, totalling almost two and a half months.

Gross profit

Despite the lower revenue, gross profit for 2H FY2022 increased to S\$12.5 million from S\$7.7 million in 2H FY2021 which was impacted by a prolonged shutdown of the Malaysia plant due to the pandemic. This is explained by the gross profit margin increasing to 30.1% in 2H FY2022 from 18.2% in 2H FY2021, reflecting higher-margin boats sold and the absence of trade-in boat sales in the comparative period.

For FY2022, gross profit decreased to S\$20.0 million from S\$20.7 million in FY2021, explained by the lower revenue in FY2022. However, gross profit margin increased to 26.6% from 21.5% over the comparative period due to the absence of trade-in boat sales in FY2022, compared to six such sales in FY2021.

Operating expenses

Total operating expenses – including costs relating to boat shows, sales and marketing, as well as salaries and commission expenses – increased to S\$8.8 million for 2H FY2022 from S\$7.9 million for 2H FY2021, mainly due to higher sales commissions, boat shows related expenses as well as higher marketing expenses. In addition, there was a write back of excess provision for retrenchment costs in 2H FY2021.

Other non-operating income in 2H FY2022 arose from receipts of pandemic-related Government grants of S\$0.3 million (2H FY2021: S\$1.0 million), partially offset by foreign exchange losses.

Total operating expenses for FY2022 increased to S\$17.3 million from S\$15.5 million in FY2021, due mainly to higher boat shows related expenses as well as marketing expenses. In addition, there was a write back of excess provision for retrenchment costs in FY2021.

Other non-operating income in FY2022 and FY2021, respectively, were due to the same reasons as for 2H FY2022 and 2H FY2021. In addition, there were foreign exchange gains in FY2022.

Taxation

Tax credit in 2H FY2022 and FY2022 was due to the recognition of deferred tax assets by certain subsidiaries, arising from unutilised tax losses, capital allowances and reinvestment allowances.

Profit

As a result of the above, the Group recorded a net profit before tax of S\$3.6 million and a net profit after tax of S\$4.7 million in 2H FY2022 (2H FY2021: S\$0.4 million and S\$0.2 million, respectively). Similarly, the Group recorded a net profit before tax of S\$2.9 million and a net profit after tax of S\$4.0 million in FY2022 (FY2021: S\$5.6 million and S\$4.2 million, respectively).

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 used in operations amounted to S\$5.0 million for 2H FY2022 compared to cash flows generated from operations of S\$26.6 million for 2H FY2021. This was mainly due to increases in inventories, receivables and contract assets as well as a decrease in contract liabilities, partially offset by higher payables. The increase in inventories was due to an increase in raw material costs as production activities picked up as well as to cater to the longer delivery lead time. The increase in receivables was due to the timing of receipts from customers, most of which were received after the financial year-end. The increase in contract assets was due to the timing of billings to customers in accordance with sales contracts. The decrease in contract liabilities was due to the acceleration of production schedule relative to down payments received from customers for the construction of boats. The higher payables were due to the increase in purchases of raw materials as noted in the above and higher accruals of operating expenses.

Cash flows used in investing activities amounted to S\$4.2 million in 2H FY2022, compared to S\$2.6 million in 2H FY2021 due to increased development of new products, purchases of machineries and purchases and improvement of properties in the USA.

Repayments of borrowings resulted in negative cash flows used for financing activities of S\$0.5 million in 2H FY2022 and S\$1.3 million in 2H FY2021. 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.

As a result of the above, cash and cash equivalents decreased to S\$36.3 million as at 30 June 2022 from S\$45.4 million as at 31 December 2021. Borrowings decreased to S\$4.7 million as at 30 June 2022 from S\$4.9 million as at 31 December 2021.

On a full-year basis, cash flows used in operations stood at S\$0.9 million in FY2022 compared to cash flows generated from operations of S\$41.5 million in FY2021, primarily due to higher receivables and contract assets, partially offset by higher payables. The increases in receivables, contract assets and payables were due to the same reasons as for 2H FY2022.

Cash flows used in investing activities for FY2022 and FY2021 amounted to S\$7.2 million, and S\$4.7 million, respectively, for similar reasons as for 2H FY2022 and 2H FY2021.

Repayment of borrowings resulted in negative cash flows used in financing activities of S\$1.3 million in FY2022 and S\$2.4 million in FY2021. In addition, there was payment of dividend in FY2022. The negative cash flow used in financing activities in FY2022 was partially offset by new borrowings for the improvement of the properties in the USA. The Group's past borrowings were to finance part of the 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.

Cash and cash equivalents decreased to S\$36.3 million as at 30 June 2022 from S\$45.2 million as at 30 June 2021 due to the above factors. Borrowings is at S\$4.7 million as at 30 June 2022 (30 June 2021: S\$4.6 million).

Review of Financial Position

Non-current assets increased to S\$45.5 million as at 30 June 2022, compared to S\$42.8 million as at 30 June 2021. Current assets increased to S\$67.5 million as at 30 June 2022 from S\$64.7 million as at 30 June 2021, mainly due to higher receivables and contract assets.

Total liabilities increased to S\$49.5 million as at 30 June 2022 from S\$46.6 million as at 30 June 2021, mainly due to higher payables.

Contract liabilities of S\$23.9 million (client deposits and instalment payments) contributed to the cash and cash equivalent of S\$36.3 million as at 30 June 2022.

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.

The Group recorded its seventh consecutive profitable year in FY2022. It also reversed a net loss recorded in 1H FY2022 when the Group's manufacturing facility in Pasir Gudang halted operations for nearly two and a half months between 1 June 2021 to mid-September 2021 in compliance with COVID-related restrictions in Malaysia. The strong recovery underscores the Group's execution ability and demand for its boat models.

Grand Banks recorded 31 new boat orders in FY2022, and recorded an all-time high net order book of S\$182.9 million as at 30 June 2022 compared to S\$116.9 million as at 30 June 2021. The major factors were pent-up demand for boats during the pandemic as well as strong market acceptance of new boat designs. The Group has continued its strategy to build bigger and sleeker luxury boat models with better fuel efficiency, and debuted its largest boat to date, the Grand Banks 85, at the Palm Beach International Boat Show in March 2022.

The Group plans to increase its headcount to accelerate its production schedule and clear the backlog accumulated during earlier operational halts. That said, operating costs are expected to rise, amid a sustained increase in freight costs due to prolonged disruptions of maritime supply chains and higher costs of raw materials. The Group will closely monitor how rising interest rates could impact consumer demand in the short to medium term and adapt its operations accordingly.

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? 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

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:

	2022	2021
	\$'000	\$'000
Ordinary	923	923
Preference	–	–
Total	923	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.

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
29 August 2022