



## GRAND BANKS YACHTS LIMITED

(Company Registration No.: 197601189E)

### UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 30 JUNE 2023

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**1 (a) Consolidated income statement (Unaudited)**  
**For the second half and financial year ended 30 June 2023**

	Note	Group 6-Month ended 30 Jun			Group Financial year ended 30 Jun		
		2023	2022	Change	2023	2022	Change
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	4	63,956	41,409	54.4	114,171	75,177	51.9
Cost of sales		(41,305)	(28,951)	42.7	(77,386)	(55,214)	40.2
<b>Gross profit</b>		<u>22,651</u>	<u>12,458</u>	81.8	<u>36,785</u>	<u>19,963</u>	84.3
Selling and marketing expenses		(7,912)	(5,349)	47.9	(13,267)	(10,637)	24.7
Administrative expenses		(4,119)	(2,903)	41.9	(7,841)	(5,852)	34.0
Other operating expenses		(546)	(537)	1.7	(1,064)	(800)	33.0
<b>Total operating expenses</b>		<u>(12,577)</u>	<u>(8,789)</u>	43.1	<u>(22,172)</u>	<u>(17,289)</u>	28.2
<b>Profit from operations</b>		10,074	3,669	174.6	14,613	2,674	446.4
Other non-operating income, net	2(a)	368	77	N.m	291	505	(42.4)
Finance cost		(84)	(116)	(27.6)	(194)	(231)	(16.0)
<b>Profit before tax</b>	2(a)	<u>10,358</u>	<u>3,630</u>	185.3	<u>14,710</u>	<u>2,948</u>	398.9
Tax (expenses)/credit	2(b)	<u>(3,864)</u>	<u>1,078</u>	N.m	<u>(4,602)</u>	<u>1,066</u>	N.m
<b>Profit for the year attributable to owners of the Company</b>		<u><u>6,494</u></u>	<u><u>4,708</u></u>	37.9	<u><u>10,108</u></u>	<u><u>4,014</u></u>	151.8

*N.m – Percentage / Computation not meaningful*

**1 (a) Consolidated Statement of Comprehensive Income (Unaudited)**  
**For the second half and financial year ended 30 June 2023**

	Group			Group		
	6-Month ended 30 Jun		Inc/(Dec) %	Financial year ended 30 Jun		Inc/(Dec) %
	2023 \$'000	2022 \$'000		2023 \$'000	2022 \$'000	
<b>Profit for the year</b>	6,494	4,708	37.9	10,108	4,014	151.8
<b>Other comprehensive loss</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Translation differences relating to financial statements of foreign subsidiaries	(1,482)	(421)	252.0	(3,547)	(478)	642.1
<b>Other comprehensive loss for the year, net of income tax</b>	(1,482)	(421)	252.0	(3,547)	(478)	642.1
<b>Total comprehensive income for the year attributable to owners of the Company</b>	5,012	4,287	16.9	6,561	3,536	85.5

**1 (b) Consolidated statements of financial position (Unaudited)**  
**For financial year ended 30 June 2023**

	Note	Group		Company	
		30-Jun-23 \$'000	30-Jun-22 \$'000	30-Jun-23 \$'000	30-Jun-22 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	2(c)	30,549	27,852	–	–
Right-of-use assets	2(d)	5,509	6,195	–	–
Subsidiaries	2(e)	–	–	38,016	38,016
Intangible assets		6,886	7,475	–	–
Deferred tax assets		2,193	3,958	–	–
		<u>45,137</u>	<u>45,480</u>	<u>38,016</u>	<u>38,016</u>
<b>Current assets</b>					
Inventories	2(f)	18,204	14,587	–	–
Contract assets		16,346	7,281	–	–
Trade and other receivables	2(g)	6,918	8,131	8,271	3,931
Prepayments		1,805	1,177	23	17
Current tax recoverable		–	1	–	–
Other investment	2(h)	1,008	–	–	–
Cash and cash equivalents	2(i)	40,063	36,337	1,064	4,056
		<u>84,344</u>	<u>67,514</u>	<u>9,358</u>	<u>8,004</u>
<b>Total assets</b>		<u>129,481</u>	<u>112,994</u>	<u>47,374</u>	<u>46,020</u>
<b>Current liabilities</b>					
Trade and other payables	2(j)	25,311	16,380	527	419
Contract liabilities		22,546	23,923	–	–
Provisions		4,378	3,923	–	–
Interest-bearing loans and borrowings	2(k)	525	1,216	–	–
Deferred consideration	2(l)	565	557	–	–
Lease liabilities		210	198	–	–
Current tax payables		2,348	–	–	–
		<u>55,883</u>	<u>46,197</u>	<u>527</u>	<u>419</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities		830	301	–	–
Interest-bearing loans and borrowings	2(k)	1,707	2,310	–	–
Deferred consideration	2(l)	1,898	580	–	–
Lease liabilities		40	121	–	–
		<u>4,475</u>	<u>3,312</u>	<u>–</u>	<u>–</u>
<b>Total liabilities</b>		<u>60,358</u>	<u>49,509</u>	<u>527</u>	<u>419</u>
<b>Capital and reserves</b>					
Share capital	2(m)	43,136	43,136	43,136	43,136
Share-based compensation reserve		381	381	381	381
Foreign currency translation reserve		(4,101)	(554)	–	–
Accumulated profits		29,707	20,522	3,330	2,084
<b>Total equity</b>		<u>69,123</u>	<u>63,485</u>	<u>46,847</u>	<u>45,601</u>
<b>Total equity and liabilities</b>		<u>129,481</u>	<u>112,994</u>	<u>47,374</u>	<u>46,020</u>

**1 (c) Consolidated statement of cash flows (Unaudited)**  
**For the second half and financial year ended 2023**

	Note	Group		Group	
		6-Month		Financial year	
		ended 30 Jun	ended 30 Jun	ended 30 Jun	ended 30 Jun
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
Profit after tax		6,494	4,708	10,108	4,014
Adjustments for:					
Depreciation of property, plant and equipment	2(c)	2,207	2,131	4,296	4,510
Depreciation of right-of-use assets	2(d)	265	162	364	359
Amortisation of intangible assets		58	63	118	127
Property, plant and equipment written off		–	(31)	–	–
(Write-back)/Allowance made for inventories obsolescence, net		(102)	493	118	482
Interest income		(487)	(36)	(549)	(41)
Interest expense		84	116	194	231
Tax expenses/(credit)	2(b)	3,864	(1,078)	4,602	(1,066)
Unrealised foreign exchange (gain)/loss		(710)	92	(400)	138
		<u>11,673</u>	<u>6,620</u>	<u>18,851</u>	<u>8,754</u>
Changes in:					
- Inventories		(6,834)	(3,929)	(4,975)	(400)
- Trade and other receivables		(1,694)	(3,964)	(399)	(6,620)
- Prepayments		(56)	347	(722)	68
- Contract assets		(7,432)	(2,679)	(9,472)	(4,597)
- Contract liabilities		(348)	(1,970)	(547)	404
- Trade and other payables		7,999	469	11,770	1,714
- Provisions		314	6	753	(264)
Cash generated from/(used in) operations		<u>3,622</u>	<u>(5,100)</u>	<u>15,259</u>	<u>(941)</u>
Net income taxes (paid)/refund		<u>(59)</u>	<u>10</u>	<u>(97)</u>	<u>(36)</u>
<b>Net cash generated from/(used in) operating activities</b>		<u>3,563</u>	<u>(5,090)</u>	<u>15,162</u>	<u>(977)</u>
<b>Cash flows from investing activities</b>					
Interest received		436	36	498	41
Placement of longer term deposits		(4,541)	–	(4,541)	–
Purchase of other investment		(1,014)	–	(1,014)	–
Purchase of property, plant and equipment		<u>(2,854)</u>	<u>(4,192)</u>	<u>(6,806)</u>	<u>(7,186)</u>
<b>Net cash used in investing activities</b>		<u>(7,973)</u>	<u>(4,156)</u>	<u>(11,863)</u>	<u>(7,145)</u>

**1 (c) Consolidated statement of cash flows (Unaudited) (cont'd)**  
**For the second half and financial year ended 2023**

	<b>Group</b>		<b>Group</b>	
	<b>6-Month ended 30 Jun</b>		<b>Financial year ended 30 Jun</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from financing activities</b>				
Interest paid	(84)	(116)	(194)	(231)
Dividend paid	–	–	(923)	(923)
Repayment of lease liabilities	(138)	(61)	(203)	(148)
Repayment of interest-bearing loans and borrowings	(536)	(647)	(1,178)	(4,378)
Repayment of deferred consideration	(256)	(264)	(552)	(521)
Proceeds from interest-bearing loans and borrowings	–	560	–	4,852
<b>Net cash used in financing activities</b>	<b>(1,014)</b>	<b>(528)</b>	<b>(3,050)</b>	<b>(1,349)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(5,424)	(9,774)	249	(9,471)
Cash and cash equivalents at beginning of period/year	40,690	45,418	36,337	45,213
Effect of exchange rate changes on balances held in foreign currency	256	693	(1,064)	595
<b>Cash and cash equivalents at end of period/year</b>	<b>2(i) 35,522</b>	<b>36,337</b>	<b>35,522</b>	<b>36,337</b>
Placement of longer term deposits	4,541	–	4,541	–
Cash and cash equivalents in the statements of financial position	<b>40,063</b>	<b>–</b>	<b>40,063</b>	<b>–</b>

**1 (d) Consolidated statement of changes in equity (Unaudited)**  
**For financial year ended 30 June 2023**

<b>Group</b>	<b>Share capital \$'000</b>	<b>Share-based compensation reserve \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Total \$'000</b>
At 1 July 2022	43,136	381	(554)	20,522	63,485
<b>Total comprehensive income for the year</b>					
Profit for the year	–	–	–	10,108	10,108
<b><i>Other comprehensive income</i></b>					
Translation differences relating to financial statements of foreign subsidiaries	–	–	(3,547)	–	(3,547)
Total other comprehensive income	–	–	(3,547)	–	(3,547)
<b>Total comprehensive income for the year</b>	–	–	(3,547)	10,108	6,561
<b>Transactions with owners, recorded directly in equity</b>					
Dividend payment	–	–	–	(923)	(923)
<b>Total transactions with owners</b>	–	–	–	(923)	(923)
At 30 June 2023	43,136	381	(4,101)	29,707	69,123



**1 (d) Consolidated statement of changes in equity (Unaudited)**  
**For financial year ended 30 June 2023**

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

## 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	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Wages, salaries and other employee benefits		18,618	14,345	31,280	26,386
Contributions to defined contribution plans, included in wages, salaries and other employee benefits		819	586	1,674	1,411
(Write-back)/Allowance made for inventories obsolescence, net		(102)	493	118	482
Depreciation of property, plant and equipment	2(c)	2,207	2,131	4,296	4,510
Depreciation of right-of-use assets	2(d)	265	162	364	359
Amortisation of intangible assets		58	63	118	127
Provision for warranty claims		162	1,397	1,746	2,175
Brokerage commission expenses		1,009	1,296	1,758	3,019
Auditors' remuneration:					
- auditors of the Company		173	140	323	300
- overseas affiliates of KPMG LLP		61	60	61	60
Non-audit fees paid to:					
- auditors of the Company		1	53	31	62
Short-term lease expenses		105	40	160	109
<b>Other non-operating income, net</b>					
Foreign exchange (loss)/gain, net		(160)	6	(347)	33
Interest income from bank		487	36	549	41
Government grants *		-	-	-	296
Sundry income		60	28	99	37
Others		(19)	7	(10)	98
		<u>368</u>	<u>77</u>	<u>291</u>	<u>505</u>

\* In FY2022, the Group received wages subsidy from the Malaysia Government amounting to \$296,000 due to the COVID-19 pandemic.

## 2 (b) Tax (expense)/credit

	Group 6-Month ended 30 Jun		Group Financial year ended 30 Jun	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Current tax expense	(2,157)	(145)	(2,518)	(145)
Deferred tax (expense)/credit	(1,707)	1,223	(2,084)	1,211
<b>Tax (expense)/credit</b>	<u>(3,864)</u>	<u>1,078</u>	<u>(4,602)</u>	<u>1,066</u>

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

The current and deferred tax expenses arose from the utilisation of tax credits during the year, resulting in a tax payable position.

## 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. The new property was partially financed by the seller amounting to \$1,898,000 (2022: NIL).

## 2 (d) Right-of-use assets

During the financial year, additions in ROU assets were due to remeasurement adjustment of Singapore office, US Marina lease and hostel.

## 2 (e) Subsidiaries

	Company	
	2023 \$'000	2022 \$'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 (2022: \$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	
	2023 \$'000	2022 \$'000
Raw materials and components	17,343	15,775
Allowance for inventories obsolescence	(2,340)	(3,233)
	15,003	12,542
Completed stock boats at net realisable value	2,274	1,508
Work-in-progress	927	537
Total	18,204	14,587

In FY2023, changes in raw materials and components, stock boats and work-in-progress included in cost of sales amounted to \$65,432,404 (2022: \$46,040,981).

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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade receivables	6,793	8,020	–	–
Refundable deposits	125	111	–	–
Amounts due from subsidiaries (non-trade)	–	–	8,271	3,931
Total	6,918	8,131	8,271	3,931

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) Other investment**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Debt investment, at amortised cost	1,008	–	–	–

**2 (i) Cash and cash equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and bank balances	10,842	9,406	264	55
Term deposits	29,221	26,931	800	4,001
Cash and cash equivalents in the statements of financial position	40,063	36,337	1,064	4,056
Fixed deposits with longer maturity	(4,541)	–	–	–
Cash and cash equivalents in the statement of cash flows	35,522	36,337	1,064	4,056

Cash at banks earns interest at floating rates based on the daily bank deposits rates. Term deposits are placed for varying periods of between 7 to 365 days (2022: 6 to 120 days) and earn interests at rates averaging from 0.70% to 5.20% (2022: Nil% to 2.46%) per annum.

**2 (j) Trade and other payables**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade payables	10,283	4,383	–	–
Advance from customers	1,008	1,899	–	–
Accrued operating expenses	14,020	10,098	527	419
	25,311	16,380	527	419

**2 (k) Interest-bearing loans and borrowings**

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Secured bank loan		
- Current	525	1,216
- Non-current	1,707	2,310
Total	2,232	3,526

As at 30 June 2023, the Group's subsidiaries have secured bank loan of \$2,232,000 (2022: \$3,526,000).

- The bank loan denominated in Malaysian Ringgit amounting to \$263,000 (2022: \$1,288,000) is secured over the leasehold land of the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia, which has a carrying amount of \$4,867,000 (2022: \$5,447,000) see note 2(d), while the bank loan denominated in United States Dollars amounting to \$1,479,000 (2022: \$1,587,000) is secured over freehold submerged land of the Group's service yard in Florida, USA which has a carrying amount of \$85,000 (2022: \$87,000).

Both loans have corporate guarantees provided by the Company to the respective banks. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee provided.

- The outstanding bank loan denominated in Malaysian Ringgit amount to \$117,000 (2022: \$190,000) is secured over a travel lift located at the Group's manufacturing yard in Pasir Gudang, Johor Malaysia, which has a carrying amount of \$185,000 (2022: \$227,000), while outstanding bank loan denominated in United States dollars amounting to \$374,000 (2022: \$461,000) is secured over a travel lift located at the Group's service yard in Florida which has a carrying amount of \$389,000 (2022: \$553,000). Both travel lifts were included in the Group's plant and machinery.

The secured bank loans bear an interest rate ranging from 3.95% to 5.25% (2022: 3.95% to 5.25%) per annum and are repayable between year 2023 to 2026 (2022: 2022 to 2026). Interest rates are repriced within the year.

## 2 (l) Deferred consideration

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Secured promissory note		
- Current	565	557
- Non-current	1,898	580
	<u>2,463</u>	<u>1,137</u>

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.

On 15 December 2022, one of the subsidiaries acquired land and building in the United States, and this was partially financed by the seller amounting to \$1,898,000 (2022: NIL). The note is denominated in United States dollars repayable over a period of 15 years commencing from July 2024 and is secured over the land and building in United States with carrying value of \$2,580,000. The note bears a fixed interest rate of 4% and is repayable between year 2024 to 2039.

## 2 (m) Share capital

	<b>2023</b>		<b>2022</b>	
	<b>Number of shares '000</b>	<b>\$'000</b>	<b>Number of shares '000</b>	<b>\$'000</b>
<b>Fully paid:</b>				
Beginning and end of the year	<u>184,635</u>	<u>43,136</u>	<u>184,635</u>	<u>43,136</u>

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 (n) 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:

Group	Note	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
<b>30 June 2023</b>					
Trade and other receivables	2(g)	6,918	–	6,918	6,918
Other investment	2(h)	1,008	–	1,008	1,008
Cash and cash equivalents	2(i)	40,063	–	40,063	40,063
		<u>47,989</u>	<u>–</u>	<u>47,989</u>	<u>47,989</u>
Trade and other payables*	2(j)	–	21,024	21,024	21,024
Interest bearing loans and borrowings	2(k)	–	2,232	2,232	2,232
Deferred consideration	2(l)	–	2,463	2,463	2,463
		<u>–</u>	<u>25,719</u>	<u>25,719</u>	<u>25,719</u>
<b>30 June 2022</b>					
Trade and other receivables	2(g)	8,131	–	8,131	8,131
Cash and cash equivalents	2(i)	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(j)	–	12,026	12,026	12,026
Interest bearing loans and borrowings	2(k)	–	3,526	3,526	3,526
Deferred consideration	2(l)	–	1,137	1,137	1,137
		<u>–</u>	<u>16,689</u>	<u>16,689</u>	<u>16,689</u>

\* Excluding advance payments from customers and employee benefits

### 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, other investment 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.

- Manufacturing & trading : Manufacturing and sales of yachts to end customers
- Others : Ancillary sales such as brokerage income, service income and trade-in boats

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
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Revenue and expenses</b>										
External revenue	100,259	64,949	13,912	10,228	–	–	–	–	114,171	75,177
Inter-segment revenue	7,305	6,780	1,548	1,900	3,159	1,474	(12,012)	(10,154)	–	–
Total revenue	107,564	71,729	15,460	12,128	3,159	1,474	(12,012)	(10,154)	114,171	75,177
Segment results*	25,722	12,506	3,254	5,121	2,169	661	(12,012)	(10,154)	19,133	8,134
Depreciation and amortisation	(4,778)	(4,996)	–	–	–	–	–	–	(4,778)	(4,996)
Interest income	549	41	–	–	–	–	–	–	549	41
Interest expense	(194)	(231)	–	–	–	–	–	–	(194)	(231)
Operating profit/(loss) before tax	21,299	7,320	3,254	5,121	2,169	661	(12,012)	(10,154)	14,710	2,948
Income tax (expense)/credit	(4,602)	1,066	–	–	–	–	–	–	(4,602)	1,066
Segment profit/(loss)	16,697	8,386	3,254	5,121	2,169	661	(12,012)	(10,154)	10,108	4,014

\* 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	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<i>Other material non-cash items:</i>										
Allowance made for inventories obsolescence, net	(118)	(482)	–	–	–	–	–	–	(118)	(482)
Provision for warranty claims	(1,746)	(2,175)	–	–	–	–	–	–	(1,746)	(2,175)
<b>Assets and liabilities</b>										
Segment assets	126,201	104,962	–	–	47,374	46,020	(46,287)	(41,947)	127,288	109,035
Tax assets	2,193	3,959	–	–	–	–	–	–	2,193	3,959
Segment liabilities	56,653	48,789	–	–	527	419	–	–	57,180	49,208
Tax liabilities	3,178	301	–	–	–	–	–	–	3,178	301
Capital expenditures	8,704	7,186	–	–	–	–	–	–	8,704	7,186

### 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
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Revenue and expenses</b>										
External revenue	53,454	35,937	10,502	5,472	–	–	–	–	63,956	41,409
Inter-segment revenue	4,719	6,655	1,003	1,900	3,159	1,474	(8,881)	(10,029)	–	–
Total revenue	58,173	42,592	11,505	7,372	3,159	1,474	(8,881)	(10,029)	63,956	41,409
Segment results*	16,294	11,572	2,503	3,511	2,569	1,012	(8,881)	(10,029)	12,485	6,066
Depreciation and amortisation	(2,530)	(2,356)	–	–	–	–	–	–	(2,530)	(2,356)
Interest income	487	36	–	–	–	–	–	–	487	36
Interest expense	(84)	(116)	–	–	–	–	–	–	(84)	(116)
Operating profit/(loss) before tax	14,167	9,136	2,503	3,511	2,569	1,012	(8,881)	(10,029)	10,358	3,630
Income tax (expense)/credit	(3,864)	1,078	–	–	–	–	–	–	(3,864)	1,078
Segment profit/(loss)	10,303	10,214	2,503	3,511	2,569	1,012	(8,881)	(10,029)	6,494	4,708

\* 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 2023	\$'000 2022	\$'000 2023	\$'000 2022	\$'000 2023	\$'000 2022	\$'000 2023	\$'000 2022	\$'000 2023	\$'000 2022
<i>Other material non-cash items:</i>										
Write-back/(Allowance) made for inventories obsolescence, net	102	(493)	–	–	–	–	–	–	102	(493)
Provision for warranty claims	(162)	(1,397)	–	–	–	–	–	–	(162)	(1,397)
<b>Assets and liabilities</b>										
Segment assets	126,201	104,962	–	–	47,374	46,020	(46,287)	(41,947)	127,288	109,035
Tax assets	2,193	3,959	–	–	–	–	–	–	2,193	3,959
Segment liabilities	56,653	48,789	–	–	527	419	–	–	57,180	49,208
Tax liabilities	3,178	301	–	–	–	–	–	–	3,178	301
Capital expenditures	2,870	4,192	–	–	–	–	–	–	2,870	4,192

#### 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.

	<b>Group</b>		<b>Group</b>	
	<b>6-month ended 30 Jun</b>		<b>Financial year ended 30 Jun</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue from construction contracts	51,493	34,925	93,720	63,093
Revenue from brokerage boats *	2,274	2,799	4,112	6,112
Rendering of services	4,068	3,635	7,361	5,819
Sales of stock boats	–	–	2,768	–
Sales trade-in boats	6,032	–	6,032	–
Sales of parts	89	50	178	153
	<b>63,956</b>	<b>41,409</b>	<b>114,171</b>	<b>75,177</b>

#### Timing of revenue recognition

	<b>Group</b>		<b>Group</b>	
	<b>6-month ended 30 Jun</b>		<b>Financial year ended 30 Jun</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Transferred at a point in time	12,463	6,484	20,451	12,084
Transferred over time	51,493	34,925	93,720	63,093
	<b>63,956</b>	<b>41,409</b>	<b>114,171</b>	<b>75,177</b>

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 primary geographical markets:

	<b>Group</b>		<b>Group</b>	
	<b>6-month ended 30 Jun</b>		<b>Financial year ended 30 Jun</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
USA	42,631	23,634	69,964	44,765
Europe	8,736	530	11,787	531
Australia	12,399	16,777	30,792	29,372
Asia	190	468	1,628	509
	<b>63,956</b>	<b>41,409</b>	<b>114,171</b>	<b>75,177</b>

\* The related brokerage costs included in selling and marketing expenses amounted to \$1,758,000 (2022: \$3,019,000).

## **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 2023 comprise the Company and its subsidiaries.

## **6. Basis of preparation**

The condensed interim financial statements for the twelve months ended 30 June 2023 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 year ended 30 June 2022.

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 2023.

## **10. Changes in accounting policies**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2022 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.

- SFRS(I) 17 *Insurance Contracts* and Amendments to SFRS(I) 17 *Insurance Contracts*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*

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 2023. Accordingly, it has no material impact on the earnings per share of the Group and of the Company.

#### 11. Earnings per ordinary share

	<b>Group</b>		<b>Group</b>	
	<b>6-month ended 30 Jun 2023</b>	<b>2022</b>	<b>Financial year ended 30 Jun 2023</b>	<b>2022</b>
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)	3.52	2.55	5.47	2.17
- On a fully diluted basis (cents)	3.51	2.54	5.46	2.17

#### 12. Net value asset per ordinary share

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
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)	37.44	34.38	25.37	24.70

## 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 2023 (2H FY2023) rose 54.4% to S\$64.0 million from S\$41.4 million for the same period ended 30 June 2022 (2H FY2022) primarily due to higher production activities as well as from two trade-in boat sales in 2H FY2023, compared to no stock boat and no trade-in boat sales in 2H FY2022.

Revenue for the full year ended 30 June 2023 (FY2023) rose 51.9% to S\$114.2 million from S\$75.2 million a year ago (FY2022). This was mainly due to higher production activities compared to FY2022, when the Group's Malaysia facility faced almost two and a half months of disruption due to the pandemic. The increase was also driven by the sales of one stock boat and two trade-in boats in FY2023, compared to no stock boat and trade-in boat sales in FY2022.

#### Gross profit

In line with the higher revenue, gross profit for 2H FY2023 increased to S\$22.7 million from S\$12.5 million in 2H FY2022. The gross profit margin rose to 35.4% in 2H FY2023 from 30.1% in 2H FY2022, driven by higher production efficiency.

For FY2023, gross profit increased to S\$36.8 million from S\$20.0 million in FY2022, in line with the higher revenue in FY2023. Gross profit margin increased to 32.2% from 26.6% over the comparative period, the result of higher production efficiency.

#### Operating expenses

Total operating expenses – including costs relating to boat shows, sales and marketing, as well as salaries and commission expenses – increased to S\$12.6 million for 2H FY2023 from S\$8.8 million for 2H FY2022, mainly due to higher sales commissions, goodwill warranty expenses, boat show-related expenses as well as higher payroll costs.

Other non-operating income in 2H FY2023 of S\$0.4 million arose from interest income and partially offset by foreign exchange losses. For 2H FY2022, Other non-operating income of S\$0.1 million arose from interest income and foreign exchange gains.

Total operating expenses for FY2023 increased to S\$22.2 million from S\$17.3 million in FY2022, mainly due to the same reasons as in 2H FY2023 as well as higher marketing expenses.

Other non-operating income in FY2023 of S\$0.3 million and FY2022 of S\$0.5 million, were due to the same reasons as for 2H FY2023 and 2H FY2022 respectively.

#### 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. Tax expenses for 2H FY2023 and FY2023 were due to profitable subsidiaries.

## Profit

As a result of the above, the Group recorded net profit before tax of S\$10.4 million and net profit after tax of S\$6.5 million in 2H FY2023 (2H FY2022: S\$3.6 million and S\$4.7 million, respectively). For FY2023 the Group recorded net profit before tax of S\$14.7 million and net profit after tax of S\$10.1 million (FY2022: S\$2.9 million and S\$4.0 million, respectively).

The Group incurred translation losses relating to financial statements of foreign subsidiaries of S\$1.5 million in 2H FY2023 (2H FY2022: S\$0.4 million) arising from the weakening of the US Dollar, Australian Dollar and Malaysian Ringgit against the Singapore Dollar during the period. These, in line with the requirements under SFRS(I), were taken to the Foreign Currency Translation Reserve in the Consolidated statements of financial position and did not affect the current Consolidated income statement.

For FY2023, the Group incurred translation losses of S\$3.5 million (FY2022: S\$0.5 million) due to similar reasons as for 2H FY2023.

### **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 amounted to S\$3.6 million for 2H FY2023 compared to cash flows used in operations of S\$5.1 million for 2H FY2022. This was mainly due to the profits for the period and increases in trade and other payables, partially offset by increases in inventories, receivables and contract assets. The higher payables were due to the increase in higher accruals of operating expenses and refundable deposits due to customers. The increase in inventories was due to an increase in work-in-progress as production activities accelerated and the inclusion of a trade-in boat. 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.

Cash flows used in investing activities amounted to S\$8.0 million in 2H FY2023, compared to S\$4.2 million in 2H FY2022 due to increased development of new products, purchases of machineries and improvement of properties in the USA, placement of deposits with financial institutions and investment in government bonds.

Repayments of borrowings resulted in negative cash flows used in financing activities of S\$1.0 million in 2H FY2023 and S\$0.5 million in 2H FY2022. 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 USA yard in FY2018 and acquisition of property in the USA in FY2023 as well as for the purchase of equipment.

As a result of the above, cash and cash equivalents increased to S\$40.1 million (including fixed deposits with longer maturity of S\$4.5 million) as at 30 June 2023 from S\$36.3 million as at 30 June 2022. Borrowings of S\$4.7 million as at 30 June 2023, was similar to S\$4.7 million as at 30 June 2022.

On a full-year basis, cash flows generated from operations stood at S\$15.2 million in FY2023 compared to cash flows used in operations of S\$1.0 million in FY2022, primarily due to the profits for the year, higher trade and other payables, partially offset by higher contract assets and inventories. The increases in trade and other payables, contract assets and inventories were due to the same reasons as for 2H FY2023.

Cash flows used in investing activities for FY2023 and FY2022 amounted to S\$11.9 million and S\$7.1 million, respectively, for similar reasons as for 2H FY2023 and 2H FY2022. In addition, there was purchase of property in the USA in first half of FY2023.

Repayment of borrowings resulted in negative cash flows used in financing activities of S\$3.1 million in FY2023 and S\$1.3 million in FY2022. There was payment of dividend in both FY2023 and 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 USA yard in FY2018 and acquisition of property in the USA in FY2023 as well as for the purchase of equipment.

Cash and cash equivalents increased to S\$40.1 million (including fixed deposits with longer maturity of S\$4.5 million) as at 30 June 2023 from S\$36.3 million as at 30 June 2022 due to the above factors. Borrowings stood at S\$4.7 million as at 30 June 2023 (30 June 2022: S\$4.7 million).

#### Review of Financial Position

Non-current assets remained fairly consistent at S\$45.1 million as at 30 June 2023, similar to that as at 30 June 2022 (S\$45.5 million). Current assets increased to S\$84.3 million as at 30 June 2023, up from S\$67.5 million as at 30 June 2022, mainly due to higher inventories, contract assets and other investment as well as higher cash and cash equivalent.

Total liabilities increased to S\$60.4 million as at 30 June 2023 from S\$49.6 million as at 30 June 2022, mainly due to higher trade and other payables as well as higher current tax payables and presence of deferred tax liability.

Contract liabilities of S\$22.5 million (client deposits and instalment payments) contributed to the cash and cash equivalent of S\$40.1 million as at 30 June 2023 which consisted of S\$4.5 million of fixed deposits with longer maturity and S\$35.6 million of cash and cash equivalents.

**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 highest net profit and revenue in more than ten years, reflecting a sharp recovery from FY2022, when the Group faced almost two and a half months of pandemic-related disruptions at its manufacturing facility in Pasir Gudang, Johor.

In August 2023, the Group commenced the construction of a single storey facility at its Pasir Gudang yard. Featuring state-of-the-art technology, the facility will add more than 25% of usable floor space enabling the Group to shorten delivery times and enable the construction of larger, sleeker and more energy-efficient models.

The expansion will also increase the Group's production capacity and help to clear its order backlog which, in turn, accelerates revenue recognition. The Group's net order book remains robust at S\$159.4 million as at 30 June 2023, compared to S\$182.9 million as at 30 June 2022, providing a strong buffer against economic uncertainty.

During FY2023, the Group recorded 19 new boat orders and one trade-in order in FY2023, compared with 31 new boat orders in FY2022. The lower sales volume reflects softer consumer sentiment ahead, amid challenges in the macroeconomic environment, arising geopolitical uncertainty, lifting of COVID-related border restrictions and higher interest costs.

In response, the Group will continue to monitor consumer demand, while ramping up its sales and marketing efforts in order to secure a strong pipeline of orders.

**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)	1.0 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:**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Ordinary	1,846	923
Preference	–	–
Total	1,846	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.

**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  
28 August 2023