



GRAND BANKS YACHTS LIMITED

(Company Registration No.: 197601189E)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 30 JUNE 2024

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 expense	8
(c) Property, plant and equipment	9
(d) Right-of-use assets	9
(e) Subsidiaries	9
(f) Inventories	9
(g) Trade and other receivables	10
(h) Other investment	10
(i) Cash and cash equivalents	10
(j) Trade and other payables	10
(k) Interest-bearing loans and borrowings	11
(l) Deferred consideration	11
(m) Share capital	12
(n) 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

TABLE OF CONTENTS

Page No

Other Information:

12. Net Value Asset per Ordinary Share	20
13. Review of Group Performance	21 - 23
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	25
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 2024

	Note	Group			Group		
		6-Month		Change	Financial year		Change
		ended 30 Jun	ended 30 Jun		ended 30 Jun	ended 30 Jun	
2024	2023	%	2024	2023	%		
		\$'000	\$'000		\$'000	\$'000	
Revenue	4	68,646	63,956	7.3	133,653	114,171	17.1
Cost of sales		(41,545)	(41,305)	(0.6)	(82,928)	(77,386)	7.2
Gross profit		27,101	22,651	19.6	50,725	36,785	37.9
Selling and marketing expenses		(3,141)	(7,912)	(60.3)	(11,506)	(13,267)	(13.3)
Administrative expenses		(4,322)	(4,119)	4.9	(8,058)	(7,841)	2.8
Other operating expenses		(1,465)	(546)	168.3	(2,018)	(1,064)	89.7
Total operating expenses		(8,928)	(12,577)	(29.0)	(21,582)	(22,172)	(2.7)
Profit from operations		18,173	10,074	80.4	29,143	14,613	99.4
Other non-operating income, net	2(a)	895	368	143.2	452	291	55.3
Finance cost		(337)	(84)	N.m	(396)	(194)	N.m
Profit before tax	2(a)	18,731	10,358	80.8	29,199	14,710	98.5
Tax expenses	2(b)	(4,278)	(3,864)	10.7	(7,818)	(4,602)	69.9
Profit for the year attributable to owners of the Company		14,453	6,494	122.6	21,381	10,108	111.5

N.m – Percentage / Computation not meaningful

1 (a) Consolidated Statement of Comprehensive Income (Unaudited)
For the second half and financial year ended 30 June 2024

	Group			Group		
	6-Month ended 30 Jun		Inc/(Dec) %	Financial year ended 30 Jun		Inc/(Dec) %
	2024 \$'000	2023 \$'000		2024 \$'000	2023 \$'000	
Profit for the year	14,453	6,494	122.6	21,381	10,108	111.5
Other comprehensive loss						
Items that may be reclassified subsequently to profit or loss						
Translation differences relating to financial statements of foreign subsidiaries	175	(1,482)	(111.8)	(697)	(3,547)	(80.3)
Other comprehensive loss for the year, net of income tax	175	(1,482)	(111.8)	(697)	(3,547)	(80.3)
Total comprehensive income for the year attributable to owners of the Company	<u>14,628</u>	<u>5,012</u>	191.9	<u>20,684</u>	<u>6,561</u>	215.3

1 (b) Consolidated statements of financial position (Unaudited)
For financial year ended 30 June 2024

	Note	Group		Company	
		30-Jun-24 \$'000	30-Jun-23 \$'000	30-Jun-24 \$'000	30-Jun-23 \$'000
Non-current assets					
Property, plant and equipment	2(c)	34,385	30,549	–	–
Right-of-use assets	2(d)	5,839	5,509	–	–
Subsidiaries	2(e)	–	–	36,948	38,016
Intangible assets		6,783	6,886	–	–
Deferred tax assets		2,360	2,193	–	–
		<u>49,367</u>	<u>45,137</u>	<u>36,948</u>	<u>38,016</u>
Current assets					
Inventories	2(f)	29,600	18,204	–	–
Contract assets		10,041	16,346	–	–
Trade and other receivables	2(g)	11,785	6,918	1,552	8,271
Prepayments		1,521	1,805	27	23
Other investment	2(h)	–	1,008	–	–
Cash and fixed deposits	2(i)	42,076	40,063	9,360	1,064
		<u>95,023</u>	<u>84,344</u>	<u>10,939</u>	<u>9,358</u>
Total assets		<u>144,390</u>	<u>129,481</u>	<u>47,887</u>	<u>47,374</u>
Current liabilities					
Trade and other payables	2(j)	15,807	25,311	649	527
Contract liabilities		23,523	22,546	–	–
Provisions		7,061	4,378	–	–
Interest-bearing loans and borrowings	2(k)	2,196	525	–	–
Deferred consideration	2(l)	94	565	–	–
Lease liabilities		280	210	–	–
Current tax payables		3,457	2,348	–	–
		<u>52,418</u>	<u>55,883</u>	<u>649</u>	<u>527</u>
Non-current liabilities					
Deferred tax liabilities		952	830	–	–
Interest-bearing loans and borrowings	2(k)	1,447	1,707	–	–
Deferred consideration	2(l)	1,807	1,898	–	–
Lease liabilities		492	40	–	–
		<u>4,698</u>	<u>4,475</u>	<u>–</u>	<u>–</u>
Total liabilities		<u>57,116</u>	<u>60,358</u>	<u>649</u>	<u>527</u>
Capital and reserves					
Share capital	2(m)	43,136	43,136	43,136	43,136
Share-based compensation reserve		617	381	617	381
Foreign currency translation reserve		(4,798)	(4,101)	–	–
Accumulated profits		48,319	29,707	3,485	3,330
Total equity		<u>87,274</u>	<u>69,123</u>	<u>47,238</u>	<u>46,847</u>
Total equity and liabilities		<u>144,390</u>	<u>129,481</u>	<u>47,887</u>	<u>47,374</u>

1 (c) Consolidated statement of cash flows (Unaudited)
For the second half and financial year ended 2024

	Note	Group		Group	
		6-Month		Financial year	
		ended 30 Jun	ended 30 Jun	ended 30 Jun	ended 30 Jun
		2024	2023	2024	2023
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Profit after tax		14,453	6,494	21,381	10,108
Adjustments for:					
Depreciation of property, plant and equipment	2(c)	2,388	2,207	4,850	4,296
Depreciation of right-of-use assets	2(d)	160	265	492	364
Amortisation of intangible assets		57	58	114	118
Loss on disposal of property, plant and equipment		29	–	30	–
Impairment losses on property, plant and equipment		52	–	52	–
(Write-back)/Allowance made for inventories obsolescence, net		(13)	(102)	435	118
Interest income		(651)	(487)	(1,171)	(549)
Interest expense		337	84	396	194
Equity-settled share-based expenses		142	–	236	–
Tax expenses	2(b)	4,278	3,864	7,818	4,602
Unrealised foreign exchange gain		(684)	(710)	(195)	(400)
		<u>20,548</u>	<u>11,673</u>	<u>34,438</u>	<u>18,851</u>
Changes in:					
- Inventories		(15,716)	(6,834)	(14,195)	(4,975)
- Trade and other receivables		1,972	(1,694)	(4,753)	(399)
- Prepayments		1,060	(56)	294	(722)
- Contract assets		8,571	(7,432)	6,311	(9,472)
- Contract liabilities		(1,147)	(348)	954	(547)
- Trade and other payables		(9,132)	7,999	(10,067)	11,770
- Provisions		402	314	2,691	753
Cash generated from operations		<u>6,558</u>	<u>3,622</u>	<u>15,673</u>	<u>15,259</u>
Net income taxes paid		<u>(6,388)</u>	<u>(59)</u>	<u>(6,647)</u>	<u>(97)</u>
Net cash generated from operating activities		<u>170</u>	<u>3,563</u>	<u>9,026</u>	<u>15,162</u>
Cash flows from investing activities					
Interest received		579	436	1,099	498
Placement of longer term deposits		(1,359)	(4,541)	(1,359)	(4,541)
Proceeds from longer term deposits		1,327	–	4,519	–
Purchase of other investment		–	(1,014)	–	(1,014)
Proceeds from other investment		–	–	989	–
Proceeds from disposal of property, plant and equipment		25	–	25	–
Purchase of property, plant and equipment		<u>(2,111)</u>	<u>(2,854)</u>	<u>(4,742)</u>	<u>(6,806)</u>
Net cash (used in)/from investing activities		<u>(1,539)</u>	<u>(7,973)</u>	<u>531</u>	<u>(11,863)</u>

1 (c) Consolidated statement of cash flows (Unaudited) (cont'd)
For the second half and financial year ended 2024

	Group		Group	
	6-Month ended 30 Jun		Financial year ended 30 Jun	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
Interest paid	(97)	(84)	(156)	(194)
Dividend paid	(923)	–	(2,769)	(923)
Repayment of lease liabilities	(156)	(138)	(290)	(203)
Repayment of interest-bearing loans and borrowings	(92)	(536)	(514)	(1,178)
Repayment of deferred consideration	(275)	(256)	(561)	(552)
Net cash used in financing activities	(1,543)	(1,014)	(4,290)	(3,050)
Net (decrease)/increase in cash and cash equivalents	(2,912)	(5,424)	5,267	249
Cash and cash equivalents at beginning of period/year	42,842	40,690	35,522	36,337
Effect of exchange rate changes on balances held in foreign currency	787	256	(72)	(1,064)
Cash and cash equivalents at end of period/year	40,717	35,522	40,717	35,522

2(i)

1 (d) Consolidated statement of changes in equity (Unaudited)
For financial year ended 30 June 2024

Group	Share capital \$'000	Share-based compensation reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 July 2023	43,136	381	(4,101)	29,707	69,123
Total comprehensive income for the year					
Profit for the year	–	–	–	21,381	21,381
Other comprehensive income					
Translation differences relating to financial statements of foreign subsidiaries	–	–	(697)	–	(697)
Total other comprehensive income	–	–	(697)	–	(697)
Total comprehensive income for the year	–	–	(697)	21,381	20,684
Transactions with owners, recorded directly in equity					
Share-based payments	–	236	–	–	236
Dividend payment	–	–	–	(2,769)	(2,769)
Total transactions with owners	–	236	–	(2,769)	(2,533)
At 30 June 2024	43,136	617	(4,798)	48,319	87,274

1 (d) Consolidated statement of changes in equity (Unaudited)
For financial year ended 30 June 2024

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

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	
		2024	2023	2024	2023
		\$'000	\$'000	\$'000	\$'000
Wages, salaries and other employee benefits		16,860	18,618	32,954	31,280
Contributions to defined contribution plans, included in wages, salaries and other employee benefits		891	819	1,811	1,674
(Write-back)/Allowance made for inventories obsolescence, net		(13)	(102)	435	118
Loss on disposal of property, plant and equipment		29	–	30	–
Impairment losses on property, plant and equipment		52	–	52	–
Depreciation of property, plant and equipment	2(c)	2,388	2,207	4,850	4,296
Depreciation of right-of-use assets	2(d)	160	265	492	364
Amortisation of intangible assets		57	58	114	118
Provision for warranty claims		2,055	162	5,386	1,746
Brokerage commission expenses		639	1,009	2,100	1,758
Auditors' remuneration:					
- auditors of the Company		131	173	323	323
- overseas affiliates of KPMG LLP		61	61	61	61
Non-audit fees paid to:					
- auditors of the Company		15	1	60	31
Short-term lease expenses		58	105	132	160
Other non-operating income, net					
Foreign exchange loss, net		(435)	(160)	(1,567)	(347)
Interest income from bank		651	487	1,171	549
Loss on disposal of property, plant and equipment		(30)	–	(30)	–
Government grants *		–	–	134	–
Sundry income		703	60	747	99
Others		6	(19)	(3)	(10)
		895	368	452	291

* The Group recognised grant income amounting to \$134,000 from the US government for employee retention tax credit for COVID-19.

2 (b) Tax expense

	Group 6-Month ended 30 Jun		Group Financial year ended 30 Jun	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Current tax expense	5,099	2,157	8,077	2,518
Deferred tax (credit)/ expense	(821)	1,707	(259)	2,084
Tax expense	4,278	3,864	7,818	4,602

The deferred tax credit arose from the recognition of timing differences.

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 on-going enhancements to overseas facilities as well as development of new products. The expansion of the factory in Malaysia was partially financed through a bank loan amounting to \$1,926,000 (2023: \$Nil) and the building is still under construction at reporting date.

2 (d) Right-of-use assets

During the financial year, additions in right-of-use assets were pertaining to new office and factory leases in Sydney, Brisbane, Australia and USA.

2 (e) Subsidiaries

	Company	
	2024	2023
	\$'000	\$'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
Total	<u>36,948</u>	<u>38,016</u>

The non-current amounts due from a subsidiary was settled during the year (2023: \$1,068,000). Upon settlement there was no change in the Company's equity interest in the subsidiary.

2 (f) Inventories

	Group	
	2024	2023
	\$'000	\$'000
Raw materials and components	15,722	17,343
Allowance for inventories obsolescence	(2,406)	(2,340)
	13,316	15,003
Stock boats at net realisable value	10,139	2,274
Work-in-progress	6,145	927
Total	<u>29,600</u>	<u>18,204</u>

In 2024, changes in raw materials and components and work-in-progress included in cost of sales amounted to \$68,030,293 (2023: \$65,432,404).

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	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Trade receivables	11,629	6,793	–	–
Refundable deposits	156	125	–	–
Amounts due from subsidiaries (non-trade)	–	–	1,552	8,271
	11,785	6,918	1,552	8,271

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

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Debt investment, at amortised cost	–	1,008	–	–

2 (i) Cash and cash equivalents

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	4,478	10,842	160	264
Fixed deposits	37,598	29,221	9,200	800
Cash and cash equivalents in the statements of financial position	42,076	40,063	9,360	1,064
Fixed deposits with longer maturity	(1,359)	(4,541)	–	–
Cash and cash equivalents in the statement of cash flows	40,717	35,522	9,360	1,064

Cash at banks earns interest at floating rates based on the daily bank deposits rates. Term deposits are placed for varying periods of between 30 to 180 days (2023: 7 to 365 days) and earn interests at rates averaging from 2.38% to 6.00% (2023: 0.7% to 5.2%) per annum.

2 (j) Trade and other payables

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Trade payables	5,152	6,330	–	–
Other payables	–	3,953	–	–
Advance from customers	750	1,008	–	–
Accrued operating expenses	9,905	14,020	649	527
	15,807	25,311	649	527

2 (k) Interest-bearing loans and borrowings

	Group	
	2024 \$'000	2023 \$'000
Secured bank loan		
- Current	2,196	525
- Non-current	1,447	1,707
Total	<u>3,643</u>	<u>2,232</u>

As at 30 June 2024, the Group's subsidiaries have secured bank loans of \$3,643,000 (2023: \$2,232,000).

- The bank loans denominated in Malaysian Ringgit secured over the leasehold land of the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia was fully paid during the year (2023: \$263,000) which has a carrying amount of \$4,671,000 (2023: \$4,867,000). During the year, the Group secured a new bank loan denominated in Malaysia Ringgit amount to \$1,926,000 (2023: \$Nil) for the building extension in Pasir Gudang, Johor Malaysia and the building is still under construction at reporting date. The bank loan denominated in United States Dollars amounting to \$1,364,000 (2023: \$1,478,000) is secured over freehold submerged land of the Group's service yard in Florida, USA which has a carrying amount of \$85,000 (2023: \$85,000).

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 \$57,000 (2023: \$117,000) is secured over a travel lift located at the Group's manufacturing yard in Pasir Gudang, Johor Malaysia, which has a carrying amount of \$161,000 (2023: \$185,000), while outstanding bank loan denominated in United States dollars amounting to \$296,000 (2023: \$374,000) is secured over a travel lift located at the Group's service yard in Florida which has a carrying amount of \$239,000 (2023: \$389,000). 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% (2023: 3.95% to 5.25%) per annum and are repayable between year 2024 to 2033 (2023: 2023 to 2026). Interest rates are repriced within the year.

2 (l) Deferred consideration

	Group	
	2024 \$'000	2023 \$'000
Secured promissory note		
- Current	94	565
- Non-current	1,807	1,898
	<u>1,901</u>	<u>2,463</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 was denominated in United States dollars and was secured over the shares of SYC. The secured promissory note has been fully paid during the year.

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 \$1,901,000 (2023: \$1,898,000). The promissory 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 \$2,568,000 (2023: \$2,580,000). The note bears a fixed interest rate of 4% and is repayable between year 2024 to 2039.

2 (m) Share capital

	2024		2023	
	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 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:

	Note	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
Group					
30 June 2024					
Trade and other receivables	2(g)	11,785	–	11,785	11,785
Cash and cash equivalents	2(i)	42,076	–	42,076	42,076
		<u>53,861</u>	<u>–</u>	<u>53,861</u>	<u>53,861</u>
Trade and other payables*	2(j)	–	11,608	11,608	11,608
Interest bearing loans and borrowings	2(k)	–	3,643	3,643	3,643
Deferred consideration	2(l)	–	1,901	1,901	1,901
		<u>–</u>	<u>17,152</u>	<u>17,152</u>	<u>17,152</u>
30 June 2023					
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>

* 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
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue and expenses										
External revenue	120,894	100,259	12,759	13,912	–	–	–	–	133,653	114,171
Inter-segment revenue	9,164	7,305	27,227	1,548	4,016	3,159	(40,407)	(12,012)	–	–
Total revenue	130,058	107,564	39,986	15,460	4,016	3,159	(40,407)	(12,012)	133,653	114,171
Segment results*	67,169	25,722	4,194	3,254	2,924	2,169	(40,407)	(12,012)	33,880	19,133
Depreciation and amortisation	(5,456)	(4,778)	–	–	–	–	–	–	(5,456)	(4,778)
Interest income	1,171	549	–	–	–	–	–	–	1,171	549
Interest expense	(396)	(194)	–	–	–	–	–	–	(396)	(194)
Operating profit before tax	62,488	21,299	4,194	3,254	2,924	2,169	(40,407)	(12,012)	29,199	14,710
Income tax expense	(7,818)	(4,602)	–	–	–	–	–	–	(7,818)	(4,602)
Segment profit	54,670	16,697	4,194	3,254	2,924	2,169	(40,407)	(12,012)	21,381	10,108

* 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
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<i>Other material non-cash items:</i>										
Allowance made for inventories obsolescence, net	(435)	(118)	–	–	–	–	–	–	(435)	(118)
Provision for warranty claims	(5,386)	(1,746)	–	–	–	–	–	–	(5,386)	(1,746)
Assets and liabilities										
Segment assets	128,811	123,310	3,832	2,891	47,887	47,374	(38,500)	(46,287)	142,030	127,288
Tax assets	2,306	2,193	54	119	–	–	–	–	2,360	2,193
Segment liabilities	51,208	56,251	850	402	649	527	–	–	52,707	57,180
Tax liabilities	4,379	3,178	30	–	–	–	–	–	4,409	3,178
Capital expenditures	8,836	8,704	–	–	–	–	–	–	8,836	8,704

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
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue and expenses										
External revenue	63,115	53,454	5,531	10,502	–	–	–	–	68,646	63,956
Inter-segment revenue	4,926	4,719	24,538	1,003	2,511	3,159	(31,975)	(8,881)	–	–
Total revenue	68,041	58,173	30,069	11,505	2,511	3,159	(31,975)	(8,881)	68,646	63,956
Segment results*	50,165	16,294	981	2,503	1,851	2,569	(31,975)	(8,881)	21,022	12,485
Depreciation and amortisation	(2,605)	(2,530)	–	–	–	–	–	–	(2,605)	(2,530)
Interest income	651	487	–	–	–	–	–	–	651	487
Interest expense	(337)	(84)	–	–	–	–	–	–	(337)	(84)
Operating profit	47,874	14,167	981	2,503	1,851	2,569	(31,975)	(8,881)	18,731	10,358
Income tax expense	(4,278)	(3,864)	–	–	–	–	–	–	(4,278)	(3,864)
Segment profit	43,596	10,303	981	2,503	1,851	2,569	(31,975)	(8,881)	14,453	6,494

* 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 2024	\$'000 2023	\$'000 2024	\$'000 2023	\$'000 2024	\$'000 2023	\$'000 2024	\$'000 2023	\$'000 2024	\$'000 2023
<i>Other material non-cash items:</i>										
Write-back/(Allowance) made for inventories obsolescence, net	(13)	102	–	–	–	–	–	–	(13)	102
Provision for warranty claims	(2,055)	(162)	–	–	–	–	–	–	(2,055)	(162)
Assets and liabilities										
Segment assets	128,811	123,310	3,832	2,891	47,887	47,374	(38,500)	(46,287)	142,030	127,288
Tax assets	2,306	2,193	54	119	–	–	–	–	2,360	2,193
Segment liabilities	51,208	56,251	850	402	649	527	–	–	52,707	57,180
Tax liabilities	4,379	3,178	30	–	–	–	–	–	4,409	3,178
Capital expenditures	1,293	2,870	–	–	–	–	–	–	1,293	2,870

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	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Revenue from construction contracts	62,907	51,493	120,686	93,720
Revenue from brokerage boats *	1,331	2,274	4,763	4,112
Rendering of services	4,334	4,068	8,029	7,361
Sales of stock boats	–	–	–	2,768
Sales trade-in boats	–	6,032	–	6,032
Sales of parts	74	89	175	178
	68,646	63,956	133,653	114,171

Timing of revenue recognition	Group		Group	
	6-month ended 30 Jun		Financial year ended 30 Jun	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Transferred at a point in time	5,739	12,463	12,967	20,451
Transferred over time	62,907	51,493	120,686	93,720
	68,646	63,956	133,653	114,171

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:

	Group		Group	
	6-month ended 30 Jun		Financial year ended 30 Jun	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
USA	59,165	42,631	104,876	69,964
Europe	1,795	8,736	5,704	11,787
Australia	3,727	12,399	18,206	30,792
Asia	3,959	190	4,867	1,628
	68,646	63,956	133,653	114,171

* The related brokerage costs included in selling and marketing expenses amounted to \$2,100,000 (2023: \$1,758,000).

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 2024 comprise the Company and its subsidiaries.

6. Basis of preparation

The condensed interim financial statements for the twelve months ended 30 June 2024 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 2023.

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 2024.

10. Changes in accounting policies

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2023 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*
- Amendments to SFRS(I) 112: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to SFRS (I) 1-12: *International Tax Reform – Pillar Two Model Rules*

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 2024. 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 2024	2023	Financial year ended 30 Jun 2024	2023
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)	7.83	3.52	11.58	5.47
- On a fully diluted basis (cents)	7.69	3.51	11.41	5.46

12. Net value asset per ordinary share

	Group		Company	
	2024	2023	2024	2023
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)	47.27	37.44	25.58	25.37

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 2024 (2H FY2024) rose 7.3% to S\$68.6 million from S\$64.0 million for the same period ended 30 June 2023 (2H FY2023), primarily due to higher production activities. There was an absence of trade-in boat sales in 2H FY2024, compared to two trade-in boat sales in 2H FY2023.

Revenue for the full year ended 30 June 2024 (FY2024) rose 17.1% to S\$133.7 million from S\$114.2 million in FY2023, mainly due to higher production activities compared to FY2023. There was an absence of trade-in boat sales in FY2024, compared to two trade-in boat and one stock boat sales in FY2023.

Gross profit

Gross profit for 2H FY2024 increased to S\$27.1 million from S\$22.7 million in 2H FY2023, outpacing revenue growth. The gross profit margin rose to 39.5% in 2H FY2024 from 35.4% in 2H FY2023, driven by higher production efficiency and absence of trade-in boat sales.

For FY2024, gross profit increased to S\$50.7 million from S\$36.8 million in FY2023, outpacing revenue growth in FY2024. Gross profit margin increased to 38.0% from 32.2% over the comparative period, for the same reasons as 2H FY2024.

Operating expenses

Total operating expenses – including costs relating to boat shows, sales and marketing, as well as salaries and commission expenses – decreased to S\$8.9 million for 2H FY2024 from S\$12.6 million for 2H FY2023, mainly due to lower sales commission and reclassification of goodwill services, partially offset by higher professional fees.

Other non-operating income in 2H FY2024 increased to S\$0.9 million from S\$0.4 million in 2H FY2023, arising from interest income and partially offset by foreign exchange losses.

Total operating expenses for FY2024 reduced to S\$21.6 million for FY2024 (FY2023: S\$22.2 million).

Other non-operating income in FY2024 increased to S\$0.5 million from S\$0.3 million in FY2023 due to the same reasons as for 2H FY2024.

Taxation

Tax expenses in 2H FY2024, 2H FY2023, FY2024 and FY2023 arose from taxes on profitable subsidiaries.

Profit

As a result of the above, the Group recorded 2H FY2024 net profit before tax of S\$18.7 million (2H FY2023: S\$10.4 million) and net profit after tax of S\$14.5 million (2H FY2023: S\$6.5 million). For FY2024 the Group recorded net profit before tax of S\$29.2 million (FY2023: S\$14.7 million) and net profit after tax of S\$21.4 million (FY2023: S\$10.1 million).

b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Cash Flows

The Group recorded neutral cash flow from operations for 2H FY2024, compared to cash flow generated from operations of S\$3.6 million for 2H FY2023. This was mainly due to the profits for the period coupled with decreases in trade and other receivables and contract assets, fully offset by increases in inventories and decreases in trade and other payables and contract liabilities. The increase in inventories was due to an increase in work-in-progress as production activities accelerated and the inclusion of three trade-in boats.

Cash flows used in investing activities amounted to S\$1.5 million in 2H FY2024, compared to S\$8.0 million in 2H FY2023 due to the development of new products and expansion of the factory in Malaysia.

Repayments of borrowings as well as payments of interest and dividend resulted in negative cash flows used in financing activities of S\$1.5 million in 2H FY2024 and S\$1.0 million in 2H FY2023. The Group's borrowings were used to partially finance the yard expansion in the USA in FY2022, acquisition of property in the USA in FY2023 and the expansion of the factory in Malaysia in FY2024.

As a result of the above, cash and cash equivalents stood at S\$42.1 million (including fixed deposits with longer maturity of S\$1.4 million) as at 30 June 2024 (31 December 2023: S\$44.2 million, including fixed deposits with longer maturity of S\$1.3 million).

On a full-year basis, cash flows generated from operations stood at S\$9.0 million in FY2024 compared to S\$15.2 million in FY2023, primarily due to the profits for the year coupled with decreases in contract assets and increase in provisions, partially offset by increases in inventories, trade and other receivables, as well as decrease in trade and other payables. The increases in inventories were due to the same reasons as for 2H FY2024. Increase in trade and other receivables was due to the timing of receipts from customers, most of which were received after the financial year-end. The increase in provisions was due to the increase in provision for goodwill services, a reflection of the increasing number of boats completed and delivered to customers.

Cash flows from investing activities for FY2024 amounted to S\$0.5 million, arising from the proceeds from fixed deposits with longer maturity partially offset by capital expenditure on the expansion of the Group's factory in Malaysia, development of new products and purchases of demo boats and machineries. Cash flows used in investing activities in FY2023 were S\$11.9 million, arising from the purchase of property in the USA, development of new products, purchases of machineries, placement of deposits with financial institutions and investment in government bonds.

Repayment of borrowings, payment of dividend and interest resulted in negative cash flows used in financing activities of S\$4.3 million in FY2024 and S\$3.1 million in FY2023. 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, expansion of the USA yard in FY2022, acquisition of property in the USA in FY2023 and the expansion of the factory in Malaysia in FY2024.

As a result, cash and cash equivalents stood at S\$42.1 million (including fixed deposits with longer maturity of S\$1.4 million) as at 30 June 2024, compared to S\$40.1 million (including fixed deposits with longer maturity of S\$4.5 million) as at 30 June 2023.

Borrowings stood at S\$5.5 million as at 30 June 2024 (30 June 2023: S\$4.7 million).

Review of Financial Position

Non-current assets increased to S\$49.4 million as at 30 June 2024 from S\$45.1 million as at 30 June 2023, due mainly to the expansion of the factory in Malaysia. Current assets increased to S\$95.0 million as at 30 June 2024,

up from S\$84.3 million as at 30 June 2023, mainly due to higher inventories and trade and other receivables, partially offset by lower contract assets.

Total liabilities reduced to S\$57.1 million as at 30 June 2024, compared to S\$60.4 million as at 30 June 2023.

As at 30 June 2024, contract liabilities of S\$23.5 million (client deposits and instalment payments) (30 June 2023: S\$22.5 million) contributed to the cash and cash equivalent of S\$42.1 million (30 June 2023: S\$40.1 million).

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 delivered a strong financial performance, recording record-high revenue and net profit on the back of accelerated boat production activities at its manufacturing yard in Pasir Gudang, Johor, Malaysia. Meanwhile, improved production efficiency has lifted gross profit margins, and shortened boat delivery times.

The Group recorded 20 new boat orders (of larger sizes relative to those in FY2023) in FY2024, compared to 19 new boat orders and one trade-in order in FY2023. The Group's net order book stood at S\$120.0 million as at 30 June 2024, compared to S\$159.4 million as at 30 June 2023, reflecting the Group's efforts to clear earlier backlog of orders.

The Group is completing the construction of its new single-storey facility at its manufacturing yard in Pasir Gudang, Malaysia, which will increase usable floor space by over 25%. Equipped with new machinery, the expansion will increase the Group's production capacity and allow for the construction of larger, sleeker and more energy-efficient models, better positioning the Group to capitalise on the long-term growth potential of the luxury yacht market.

However, the pace of growth could be hampered by short-term headwinds, such as growing economic uncertainty amid elevated interest rates, higher operating costs, and potential disruptions to the supply chain due to geopolitical developments such as the ongoing Russia-Ukraine war and conflicts in the Middle East. In response, the Group will continue to closely monitor global developments and focus on its sales and marketing efforts, maintain a strong balance sheet and improve on its net order book to buffer against economic and business uncertainties.

16. Dividend

a) Current Financial Period Reported on

Any distribution declared for the current period? Yes

Name of Dividend	Interim (paid on 27 March 2024)
Dividend Type	Cash
Dividend Amount per Ordinary Share (in Singapore cent)	0.5 cent per ordinary share
Tax Rate	One-Tier Tax Exempt

Name of Dividend	Final Dividend (proposed)
Dividend Type	Cash
Dividend Amount per Ordinary Share (in Singapore cent)	1.0 cent per ordinary share
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 (paid on 11 November 2023)
Dividend Type	Cash
Dividend Amount per Ordinary Share (in Singapore cent)	1.0 cent per ordinary share
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:

	2024	2023
	\$'000	\$'000
Ordinary		
- Interim (paid)	923	-
- Final (2024: proposed, FY2023: paid)	1,846	1,846
- Total	2,769	1,846
Preference	-	-
Total	2,769	1,846

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 2024