



## GRAND BANKS YACHTS LIMITED

(Company Registration No.: 197601189E)

### UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST HALF YEAR ENDED 31 DECEMBER 2023

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**1 (a) Consolidated income statement (Unaudited)**  
**For the first half year ended 31 December 2023**

	Note	<b>Group</b>		<b>Change %</b>
		<b>6-Month period ended 31 December</b>		
		<b>2023 \$'000</b>	<b>2022 \$'000</b>	
Revenue	4	65,007	50,215	29.5
Cost of sales		<u>(41,383)</u>	<u>(36,081)</u>	14.7
<b>Gross profit</b>		23,624	14,134	67.1
Selling and marketing expenses		<u>(8,365)</u>	<u>(5,355)</u>	56.2
Administrative expenses		<u>(3,736)</u>	<u>(3,722)</u>	0.4
Other operating expenses		<u>(553)</u>	<u>(518)</u>	6.8
<b>Total operating expenses</b>		<u>(12,654)</u>	<u>(9,595)</u>	31.9
<b>Profit from operations</b>		10,970	4,539	141.7
Other non-operating expense, net	2(a)	(443)	(77)	>100
Finance cost		<u>(59)</u>	<u>(110)</u>	(46.4)
<b>Profit before tax</b>	2(a)	10,468	4,352	140.5
Tax expense	2(b)	<u>(3,540)</u>	<u>(738)</u>	>100
<b>Profit for the period attributable to owners of the Company</b>		<u><u>6,928</u></u>	<u><u>3,614</u></u>	91.7

**1 (a) Consolidated statement of comprehensive income (Unaudited)**  
**For the first half year ended 31 December 2023**

	<b>Group</b>		
	<b>6-Month period</b>		
	<b>ended 31 December</b>		
	<b>2023</b>	<b>2022</b>	<b>Inc/(Dec)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Profit for the period</b>	6,928	3,614	91.7
<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	(872)	(2,065)	(57.7)
<b>Other comprehensive loss for the period, net of income tax</b>	(872)	(2,065)	(57.7)
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<u>6,056</u>	<u>1,549</u>	291.0

**1 (b) Consolidated statements of financial position (Unaudited)**  
**As at first half year ended 31 December 2023**

	Note	Group		Company	
		31-Dec-23 \$'000	30-Jun-23 \$'000	31-Dec-23 \$'000	30-Jun-23 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	2(c)	34,986	30,549	–	–
Right-of-use assets	2(d)	5,668	5,509	–	–
Subsidiaries	2(e)	–	–	38,016	38,016
Intangible assets		6,852	6,886	–	–
Deferred tax assets		1,824	2,193	–	–
		<u>49,330</u>	<u>45,137</u>	<u>38,016</u>	<u>38,016</u>
<b>Current assets</b>					
Inventories	2(f)	16,052	18,204	–	–
Contract assets		18,191	16,346	–	–
Trade and other receivables	2(g)	7,807	6,918	7,768	8,271
Prepayments		2,541	1,805	74	23
Other investments		–	1,008	–	–
Cash and fixed deposits	2(h)	44,191	40,063	569	1,064
		<u>88,782</u>	<u>84,344</u>	<u>8,411</u>	<u>9,358</u>
<b>Total assets</b>		<u>138,112</u>	<u>129,481</u>	<u>46,427</u>	<u>47,374</u>
<b>Current liabilities</b>					
Trade and other payables	2(i)	22,938	25,311	259	527
Contract liabilities		24,203	22,546	–	–
Provisions		6,608	4,378	–	–
Interest bearing loans and borrowings	2(j)	685	525	–	–
Deferred consideration	2(k)	278	565	–	–
Lease liabilities		207	210	–	–
Current tax payables		4,990	2,348	–	–
		<u>59,909</u>	<u>55,883</u>	<u>259</u>	<u>527</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities		1,130	830	–	–
Interest bearing loans and borrowings	2(j)	1,506	1,707	–	–
Deferred consideration	2(k)	1,846	1,898	–	–
Lease liabilities		294	40	–	–
		<u>4,776</u>	<u>4,475</u>	<u>–</u>	<u>–</u>
<b>Total liabilities</b>		<u>64,685</u>	<u>60,358</u>	<u>259</u>	<u>527</u>
<b>Capital and reserves</b>					
Share capital	2(l)	43,136	43,136	43,136	43,136
Share-based compensation reserve		475	381	475	381
Foreign currency translation reserve		(4,973)	(4,101)	–	–
Accumulated profits		34,789	29,707	2,557	3,330
<b>Total equity</b>		<u>73,427</u>	<u>69,123</u>	<u>46,168</u>	<u>46,847</u>
<b>Total equity and liabilities</b>		<u>138,112</u>	<u>129,481</u>	<u>46,427</u>	<u>47,374</u>

**1 (c) Consolidated statement of cash flows (Unaudited)**  
**For the first half year ended 31 December 2023**

	Note	<b>Group</b>	
		<b>6-Month period</b>	
		<b>ended 31 December</b>	
		<b>2023</b>	<b>2022</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Profit after tax		6,928	3,614
Adjustments for:			
Depreciation of property, plant and equipment		2,462	2,089
Depreciation of right-of-use assets		332	99
Amortisation of intangible assets		57	60
Property, plant and equipment written off		1	68
Allowance made for inventories obsolescence, net		448	220
Interest income		(520)	(62)
Interest expense		59	110
Equity-settled share base expense		94	–
Tax expense	2(b)	3,540	738
Unrealised foreign exchange loss		490	242
		<u>13,891</u>	<u>7,178</u>
Changes in:			
- Inventories		1,521	1,859
- Trade and other receivables		(6,725)	1,295
- Prepayments		(766)	(666)
- Contract assets		(2,260)	(2,040)
- Contract liabilities		2,101	(199)
- Trade and other payables		(935)	3,771
- Provisions		2,289	439
Cash generated from operations		<u>9,116</u>	<u>11,637</u>
Net income taxes paid		<u>(259)</u>	<u>(38)</u>
<b>Net cash from operating activities</b>		<u>8,857</u>	<u>11,599</u>
<b>Cash flows from investing activities</b>			
Interest received		520	62
Proceeds from longer fixed deposits		3,192	–
Proceeds from other investment		989	–
Purchase of property, plant and equipment*		<u>(2,631)</u>	<u>(3,952)</u>
<b>Net cash from/(used in) investing activities</b>		<u>2,070</u>	<u>(3,890)</u>

\* Included in additions to plant and machinery (see Note 2(c)) for the 6-month period ended 31 December 2023 was the construction of a new factory in Malaysia amounting to \$444,000 of which \$377,000 was partially financed by the bank. For the 6-month ended 31 December 2022, the purchase of land and building amounting to \$1,882,000 was partially financed by the seller.

**1 (c) Consolidated statement of cash flows (Unaudited) (cont'd)**  
**For the first half year ended 31 December 2023**

	<b>Group</b>	
	<b>6-Month period</b>	
	<b>ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from financing activities</b>		
Interest paid	(44)	(103)
Interest paid on right-of-use assets	(15)	(7)
Dividend paid	(1,846)	(923)
Repayment of lease liabilities	(134)	(65)
Repayment of interest-bearing loans and borrowings	(422)	(642)
Repayment of deferred consideration	(286)	(296)
<b>Net cash used in financing activities</b>	<u>(2,747)</u>	<u>(2,036)</u>
<b>Net increase in cash and cash equivalents</b>	8,180	5,673
Cash and cash equivalents at beginning of period	35,522	36,337
Effect of exchange rate changes on balances held in foreign currency	(860)	(1,320)
<b>Cash and cash equivalents at end of period</b>	2(h) <u>42,842</u>	<u>40,690</u>

**1 (d) Consolidated statement of changes in equity (Unaudited)**  
**For the first half year ended 31 December 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 2023	43,136	381	(4,101)	29,707	69,123
<b>Total comprehensive income for the period</b>					
Profit for the period	–	–	–	6,928	6,928
<b>Other comprehensive income</b>					
Translation differences relating to financial statements of foreign subsidiaries	–	–	(872)	–	(872)
Total other comprehensive income	–	–	(872)	–	(872)
<b>Total comprehensive income for the period</b>	–	–	(872)	6,928	6,056
<b>Transactions with owners, recorded directly in equity</b>					
Equity-settled performance shares	–	94	–	–	94
Dividend payment	–	–	–	(1,846)	(1,846)
<b>Total transactions with owners</b>	–	94	–	(1,846)	(1,752)
At 31 December 2023	43,136	475	(4,973)	34,789	73,427

**1 (d) Consolidated statement of changes in equity (Unaudited)**  
**For first half year ended 31 December 2022**

<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 period</b>					
Profit for the period	–	–	–	3,614	3,614
<b>Other comprehensive income</b>					
Translation differences relating to financial statements of foreign subsidiaries	–	–	(2,065)	–	(2,065)
Total other comprehensive income	–	–	(2,065)	–	(2,065)
<b>Total comprehensive income for the period</b>	–	–	(2,065)	3,614	1,549
<b>Transactions with owners, recorded directly in equity</b>					
Dividend payment	–	–	–	(923)	(923)
<b>Total transactions with owners</b>	–	–	–	(923)	(923)
At 31 December 2022	43,136	381	(2,619)	23,213	64,111

## 2 (a) Profit before tax

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

	<u>Group</u>	
	<u>6-Month period</u>	
	<u>ended 31 December</u>	
Note	2023	2022
	\$'000	\$'000
Wages, salaries and other employee benefits	16,094	15,445
Contributions to defined contribution plans, included in wages, salaries and other employee benefits	920	855
Allowance made for inventories obsolescence, net	448	220
Property, plant and equipment written off	1	68
Depreciation of property, plant and equipment	2,462	2,089
Depreciation of right-of-use assets	332	99
Amortisation of intangible assets	57	60
Brokerage commission expenses	1,461	749
Provision for warranty claims	3,331	1,584
Auditors' remuneration:		
- auditors of the Company	192	150
Non-audit fees paid to:		
- auditors of the Company	45	30
Short-term lease expenses	74	55
	<u>16,094</u>	<u>15,445</u>
<b><i>Other non-operating expenses, net</i></b>		
Foreign exchange loss, net	(1,132)	(187)
Interest income from bank	520	62
Government grants*	134	-
Sundry income	44	39
Others	(9)	9
	<u>(443)</u>	<u>(77)</u>

\* 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

	<u>Group</u>	
	<u>6-Month period</u>	
	<u>ended 31 December</u>	
	2023	2022
	\$'000	\$'000
Current tax expense	2,978	361
Deferred tax expense	562	377
<b>Tax expense</b>	<u>3,540</u>	<u>738</u>

## 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, the construction of a new factory in Malaysia coupled with on-going enhancements to overseas facilities to develop new products and purchase of demo boats for boat show.

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

During the financial year, additions in ROU assets were due to addition of new office lease at Queensland, Australia and office lease renewal.

## 2 (e) Subsidiaries

	Company	
	As at 31-Dec-23 \$'000	As at 30-Jun-23 \$'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 (30 June 2023: \$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	
	As at 31-Dec-23 \$'000	As at 30-Jun-23 \$'000
Raw materials and components	17,356	17,343
Allowance for inventories obsolescence	(2,402)	(2,340)
	14,954	15,003
Completed stock boats at net realisable value	–	2,274
Work-in-progress	1,098	927
Total	16,052	18,204

In FY2024, changes in raw materials and components, stock boats and work-in-progress included in cost of sales amounted to \$34,612,402 (FY2023: \$30,946,444).

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	
	As at 31-Dec-23 \$'000	As at 30-Jun-23 \$'000	As at 31-Dec-23 \$'000	As at 30-Jun-23 \$'000
Trade receivables	7,673	6,793	–	–
Refundable deposits	134	125	–	–
Amounts due from subsidiaries (non-trade)	–	–	7,768	8,271
	7,807	6,918	7,768	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) Cash and fixed deposits

	Group		Company	
	As at	As at	As at	As at
	31-Dec-23	30-Jun-23	31-Dec-23	30-Jun-23
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	15,747	10,842	169	264
Fixed deposits	28,444	29,221	400	800
Cash and fixed deposits in the statements of financial position	44,191	40,063	569	1,064
Fixed deposits with longer maturity	(1,349)	(4,541)	–	–
Cash and cash equivalents in the statement of cash flows	42,842	35,522	569	1,064

Cash at banks earns interest at floating rates based on the daily bank deposits rates. Fixed deposits are placed for varying periods of between 7 to 183 days (30 June 2023: 7 to 365 days) and earn interest at rates averaging from 0.7% to 5.38% (30 June 2023: 0.7% to 5.2%) per annum.

## 2 (i) Trade and other payables

	Group		Company	
	As at	As at	As at	As at
	31-Dec-23	30-Jun-23	31-Dec-23	30-Jun-23
	\$'000	\$'000	\$'000	\$'000
Trade payables	3,670	6,330	–	–
Other payables	2,347	3,953	–	–
Advance from customers	729	1,008	–	–
Accrued operating expenses	16,192	14,020	259	527
	22,938	25,311	259	527

## 2 (j) Interest bearing loans and borrowings

	Group	
	As at	As at
	31-Dec-23	30-Jun-23
	\$'000	\$'000
Secured bank loan	2,191	2,232
Represented by:		
- Current	685	525
- Non-current	1,506	1,707
Total	2,191	2,232

As at 31 December 2023, the Group's subsidiaries have secured bank loans of \$2,191,000 (30 June 2023: \$2,232,000).

All these secured bank loans bear an interest rate ranging from 3.95% to 5.25% (30 June 2023: 3.95% to 5.25%) per annum and are repayable between year 2024 to 2026 (30 June 2023: 2023 to 2026). Interest rates are repriced within the year.

The secured bank loans comprised:

- A bank loan denominated in Malaysian Ringgit amounting to \$22,000 (30 June 2023: \$263,000) is secured over the leasehold land of the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia, which has a carrying amount of \$4,747,000 (30 June 2023: \$4,867,000). During the year, another loan denominated in Malaysian Ringgit amounting to \$377,000 (30 June 2023: NIL) was secured for the construction of a new factory in Malaysia.

A bank loan denominated in United States dollars amounting to \$1,382,000 (30 June 2023: \$1,479,000) is secured over freehold submerged land of the Group's service yard in Florida, USA which has a carrying amount of \$83,000 (30 June 2023: \$85,000).

These 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.

- An outstanding bank loan denominated Malaysia Ringgit amounting to \$87,000 (30 June 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 \$172,000 (30 June 2023: \$185,000), while another outstanding bank loan denominated in United States dollars amounting to \$326,000 (30 June 2023: \$374,000) is secured over a travel lift located at the Group's service yard in Florida, USA which has a carrying amount of \$304,000 (30 June 2023: \$389,000).

## 2 (k) Deferred consideration

	<b>Group</b>	
	<b>As at 31-Dec-23 \$'000</b>	<b>As at 30-Jun-23 \$'000</b>
Secured promissory notes		
- Current	278	565
- Non-current	1,846	1,898
	<u>2,124</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 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 \$1,846,000 (30 June 2023: 1,898,000). 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 \$2,501,000 (30 June 2023: \$2,580,000). The note bears a fixed interest rate of 4% and is repayable between year 2024 to 2039.

## 2 (l) Share capital

	<b>As at 31-Dec-2023</b>		<b>As at 30-Jun-2023</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 period/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 pay out 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:

Group	Note	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
<b>31 December 2023</b>					
Trade and other receivables	2(g)	7,807	–	7,807	7,807
Cash and fixed deposits	2(h)	44,191	–	44,191	44,191
		<u>51,998</u>	<u>–</u>	<u>51,998</u>	<u>51,998</u>
Trade and other payables*	2(i)	–	20,033	20,033	20,033
Interest bearing loans and borrowings	2(j)	–	2,191	2,191	2,191
Deferred consideration	2(k)	–	2,124	2,124	2,124
		<u>–</u>	<u>24,348</u>	<u>24,348</u>	<u>24,348</u>
<b>30 June 2023</b>					
Trade and other receivables	2(g)	6,918	–	6,918	6,918
Other investments		1,008	–	1,008	1,008
Cash and fixed deposits	2(h)	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(i)	–	21,024	21,024	21,024
Interest bearing loans and borrowings	2(j)	–	2,232	2,232	2,232
Deferred consideration	2(k)	–	2,463	2,463	2,463
		<u>–</u>	<u>25,719</u>	<u>25,719</u>	<u>25,719</u>

\* Excludes advance 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 notes 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 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 the first half year ended 31 December

	← Reconciliation →									
	Manufacturing and trading segment		Others		Corporate		Adjustments		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue and expenses</b>										
External revenue	57,779	44,995	7,228	5,220	–	–	–	–	65,007	50,215
Inter-segment revenue	4,238	2,501	2,689	2,299	1,505	–	(8,432)	(4,800)	–	–
Total revenue	62,017	47,496	9,917	7,519	1,505	–	(8,432)	(4,800)	65,007	50,215
Segment results*	17,004	9,999	3,213	1,849	1,073	(400)	(8,432)	(4,800)	12,858	6,648
Depreciation and amortisation	(2,851)	(2,248)	–	–	–	–	–	–	(2,851)	(2,248)
Interest income	520	62	–	–	–	–	–	–	520	62
Interest expenses	(59)	(110)	–	–	–	–	–	–	(59)	(110)
Profit/(loss) before tax	14,614	7,703	3,213	1,849	1,073	(400)	(8,432)	(4,800)	10,468	4,352
Income tax expense	(3,540)	(738)	–	–	–	–	–	–	(3,540)	(738)
Segment profit	11,074	6,965	3,213	1,849	1,073	(400)	(8,432)	(4,800)	6,928	3,614

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

3. Segment reporting for the first half year ended 31 December (cont'd)

	Manufacturing and trading segment		Others		Corporate		Adjustments		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Other material non-cash items:</i>										
Allowance made for inventories obsolescence, net	(405)	(204)	(43)	(17)	–	–	–	–	(448)	(221)
Property, plant and equipment written off	–	(68)	(1)	–	–	–	–	–	(1)	(68)
Provisions for warranty claims	(3,331)	(1,584)	–	–	–	–	–	–	(3,331)	(1,584)
<b>Assets and liabilities</b>										
Segment assets	132,382	106,410	3,263	2,243	46,427	44,646	(45,784)	(41,256)	136,288	112,043
Tax assets	1,824	3,423	–	–	–	–	–	–	1,824	3,423
Segment liabilities	58,060	50,168	246	207	259	368	–	–	58,565	50,743
Tax liabilities	6,120	580	–	–	–	–	–	–	6,120	580
Capital expenditures	7,543	5,834	–	–	–	–	–	–	7,543	5,834

#### 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>6-Month period ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from construction contracts	57,779	42,227
Revenue from boat brokerage	3,432	1,838
Rendering of services	3,695	3,293
Sales of stock boats	–	2,768
Sales of parts	101	89
	<u>65,007</u>	<u>50,215</u>

#### Timing of revenue recognition

	<b>Group</b>	
	<b>6-Month period ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Transferred at a point in time	7,228	7,988
Transferred over time	57,779	42,227
	<u>65,007</u>	<u>50,215</u>

Revenue contributed by sales region is shown below:

	<b>Group</b>	
	<b>6-Month period ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
USA	45,711	27,333
Europe	3,909	3,051
Australia	14,479	18,393
Asia	908	1,438
	<u>65,007</u>	<u>50,215</u>

## 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 six months ended 31 December 2023 comprise the Company and its subsidiaries.

## 6. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 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 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 dollars 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 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;*
- *Amendments to SFRS(I) 1-12: 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;*
- *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 period ended 31 December 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>6-Month period ended 31 December</b>	
	<b>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)	<u>3.75</u>	<u>1.96</u>
- On a fully diluted basis (cents)	<u>3.71</u>	<u>1.95</u>

## 12. Net asset value per ordinary share

	<b>Group</b>		<b>Company</b>	
	<b>As at 31-Dec-23</b>	<b>As at 30-Jun-23</b>	<b>As at 31-Dec-23</b>	<b>As at 30-Jun-23</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 asset value per ordinary share based on existing issued share capital at the end of the respective financial period/year (cents)	<u>39.77</u>	<u>37.44</u>	<u>25.01</u>	<u>25.37</u>

## 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 31 December 2023 ("1H FY2024") increased 29.5% to \$65.0 million from \$50.2 million for the same period ended 31 December 2022 ("1H FY2023"), primarily due to higher production activities at the Group's manufacturing facility in Pasir Gudang, Johor, Malaysia.

#### Gross profit

In line with the higher revenue, gross profit for 1H FY2024 increased to \$23.6 million from \$14.1 million in 1H FY2023. Gross profit margin increased to 36.3% in 1H FY2024, reflecting improved production efficiency and revisions in boat prices.

#### Operating expenses

Total operating expenses increased to \$12.7 million for 1H FY2024 from \$9.6 million for 1H FY2023, mainly due to higher costs relating to boat shows, marketing, professional services as well as commission expenses as sales activities increased.

Other non-operating expenses in 1H FY2024 arose mainly from foreign exchange losses, resulting from weakening of the US dollar, Australian dollar and Malaysian Ringgit against Singapore dollar.

#### Taxation

Tax expenses in 1H FY2024 and 1H FY2023 were due to the profits of certain subsidiary companies in the Group.

#### Profit

As a result of the above, the Group recorded in 1H FY2024 a net profit after tax of \$6.9 million, an increase from 1H FY2023 net profit after tax of \$3.6 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

Cash flows generated from operating activities registered \$8.9 million for 1H FY2024 from \$11.6 million for 1H FY2023. The positive cash flows generated in 1H FY2024 was mainly due to the higher profit during the period under review, a decrease in inventories as well as increases in contract liabilities, and provisions, partially offset by higher receivables and contract assets as well as decrease in payables. The decrease in inventories was due to a reduction in the number of stock boats. The increase in provisions was due to higher provisions of operating expenses. The higher receivables was due to the timing of receipts from customers, a large part of which was received after the reporting period end. The decrease in payables was due to the timing of payments to creditors. The higher contract assets and contract liabilities were due to the timing of billings to customers in accordance with sales contract terms.

Cash flows generated from investing activities amounted to \$2.1 million in 1H FY2024, compared to cash used in investing activities of \$3.9 million in 1H FY2023 due to proceeds from matured longer term fixed deposits

partially offset by the purchase of equipment, construction of new toolings, construction of new factory in Malaysia and improvement of existing buildings in Malaysia and the USA.

Repayments of borrowings and payment of dividend resulted in negative cash flows used for financing activities of \$2.7 million in 1H FY2024 and \$2.0 million in 1H FY2023. The Group's borrowings were used to partially finance its acquisition of the U.S. yard in FY2018 and U.S. properties in FY2023 as well as improvements of its U.S. properties, construction of new Malaysia factory and purchase of equipment.

As a result of the above, cash and cash equivalents rose to \$42.8 million as at 31 December 2023 from \$40.7 million as at 31 December 2022. Borrowings decreased slightly to \$4.3 million as at 31 December 2023 from \$4.7 million as at 30 June 2023, due to repayments of borrowings.

#### Review of Financial Position

Non-current assets increased to \$49.3 million as at 31 December 2023, compared to \$45.1 million as at 30 June 2023 due to increase in property, plant and equipment. Current assets increased to \$88.8 million as at 31 December 2023 from \$84.3 million as at 30 June 2023, mainly due to higher contract assets, receivables and cash and cash equivalent.

Total liabilities increased to \$64.7 million as at 31 December 2023 from \$60.4 million as at 30 June 2023, mainly due to higher contract liabilities, provisions and current tax payables.

Contract liabilities of \$24.2 million (client deposits and instalment payments) contributed to the cash and cash equivalent of \$44.2 million as at 31 December 2023.

**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.**

Financial performance for 1H FY2024 has improved year-on-year, driven by increased boat-building activities at the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia, and higher sales. The Group is focused on accelerating boat production to achieve shorter delivery times.

The Group recorded 11 new boat orders in 1H FY2024, similar to 1H FY2023. Looking ahead, the Group remains confident in the long-term growth prospects of the luxury motor yacht market, buoyed by healthy visitor volumes at recent boat shows and a growing customer base. To meet the anticipated demand, the Group is currently expanding its Pasir Gudang yard. Upon completion the expansion will lift production capacity by 25%, which will facilitate construction of bigger, sleeker and more fuel-efficient models while reducing wait times.

Meanwhile, the Group expects to continue to maintain a strong balance sheet and steady sales volume in anticipation of headwinds such as supply chain disruptions amid rising geopolitical uncertainties and macroeconomic challenges. The Group's net order book of \$137.3 million as at 31 December 2023 (30 June 2023: \$159.4 million) will also serve as a strong buffer against near term economic and business uncertainties.

## 16. Dividend

### a) Current Financial Period Reported on

Any distribution declared for the current period?

Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in Singapore cent)	0.5 cent per ordinary share
Tax Rate	Tax-exempt (one-tier)

### b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period?

No.

### c) Date of Payment

Wednesday, 27 March 2024.

### d) Books Closure Date

5.00 p.m. Friday, 15 March 2024.

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

Not applicable.

## 18. 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.

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

The Board of Directors of the Company hereby confirms to the best of its knowledge that nothing has come to its attention which may render the financial statements for the first half year ended 31 December 2023 to be false or misleading in any material respect.

## 20. 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.

## 21. 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.

**22. 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  
Date: 13 February 2024