

GRAND BANKS YACHTS LIMITED

(Registration No.: 197601189E)



Fourth Quarter And Full Year Unaudited Financial Statements for the Year Ended 30 June 2017

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT (UNAUDITED) - in SGD

| | Group | | | Group | | |
|---|---|---|------------------|--|--|----------------|
| | 3-Month Period Ended 30-Jun-17 \$'000 | 3-Month Period Ended 30-Jun-16 \$'000 | Inc / (Dec) % | 12-Month Period Ended 30-Jun-17 \$'000 | 12-Month Period Ended 30-Jun-16 \$'000 | Inc/(Dec) % |
| Revenue | 19,901 | 15,978 | 24.6 | 58,701 | 58,667 | 0.1 |
| Cost of sales | (16,165) | (14,450) | 11.9 | (48,173) | (48,470) | (0.6) |
| Gross Profit | 3,736 | 1,528 | 144.5 | 10,528 | 10,197 | 3.2 |
| Selling and marketing expenses | (1,456) | (1,277) | 14.0 | (5,393) | (4,548) | 18.6 |
| Administrative expenses | (835) | (817) | 2.2 | (3,912) | (3,862) | 1.3 |
| Other operating expenses | (216) | (69) | 213.0 | (576) | (628) | (8.3) |
| Total operating expenses | (2,507) | (2,163) | 15.9 | (9,881) | (9,038) | 9.3 |
| Profit/(Loss) from operations | 1,229 | (635) | (293.5) | 647 | 1,159 | (44.2) |
| Other non-operating income/(expense), net | 894 | (376) | (337.8) | 428 | 109 | 292.7 |
| Finance costs | (37) | - | N.m | (145) | - | N.m |
| Profit/(Loss) before tax | 2,086 | (1,011) | (306.3) | 930 | 1,268 | (26.7) |
| Tax (expense)/credit | (1,074) | 1,018 | (205.5) | (409) | 702 | (158.3) |
| Net profit for the period/year | 1,012 | 7 | N.m | 521 | 1,970 | (73.6) |

N.m - Percentage / Computation not meaningful

Additional information to the income statement:

| | Group | | Group | |
|--|---|---|--|--|
| | 3-Month Period Ended 30-Jun-17 \$'000 | 3-Month Period Ended 30-Jun-16 \$'000 | 12-Month Period Ended 30-Jun-17 \$'000 | 12-Month Period Ended 30-Jun-16 \$'000 |
| Allowance of inventory obsolescence | (90) | (954) | (144) | (802) |
| Depreciation of property, plant and equipment | (926) | (714) | (2,914) | (2,725) |
| Amortisation of intangible assets | (34) | (30) | (136) | (219) |
| Reversal of impairment loss on a property | - | 222 | - | 222 |
| Foreign exchange gain/(loss), net | 777 | (509) | 93 | (248) |
| Fair valuation loss on quoted debt securities held-for-trading | - | (2) | (2) | (8) |
| Interest income included in other non-operating income, net | 14 | 49 | 75 | 77 |
| Property, plant and equipment written off | - | (4) | (1) | (4) |
| Tax: | | | | |
| - current tax expense | (305) | (183) | (439) | (693) |
| - deferred tax (expense)/credit | (769) | 1,201 | 30 | 1,395 |
| | | | | Inc/(Dec) % |
| | | | | (82.0) |
| | | | | 6.9 |
| | | | | (37.9) |
| | | | | (100.0) |
| | | | | (137.5) |
| | | | | (75.0) |
| | | | | (2.6) |
| | | | | (75.0) |
| | | | | (36.6) |
| | | | | (97.9) |

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION (UNAUDITED) - in SGD

| | Group | | Company | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30-Jun-17 \$'000 | 30-Jun-16 \$'000 | 30-Jun-17 \$'000 | 30-Jun-16 \$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 21,073 | 19,080 | – | – |
| Subsidiaries | – | – | 29,712 | 29,712 |
| Goodwill | 7,109 | 6,725 | – | – |
| Intangible assets | 1,840 | 1,870 | – | – |
| Deferred tax assets | 1,203 | 1,438 | – | – |
| Loan receivables (i) | – | – | 10,389 | – |
| | <u>31,225</u> | <u>29,113</u> | <u>40,101</u> | <u>29,712</u> |
| Current assets | | | | |
| Inventories | 16,172 | 12,464 | – | – |
| Trade and other receivables | 2,968 | 4,712 | 2,527 | 10,016 |
| Prepayments | 1,112 | 1,480 | 14 | 14 |
| Current tax recoverable | 144 | – | – | – |
| Investment held-for-trading | – | 302 | – | 302 |
| Cash and cash equivalents | 15,871 | 16,350 | 96 | 1,227 |
| | <u>36,267</u> | <u>35,308</u> | <u>2,637</u> | <u>11,559</u> |
| Total assets | <u>67,492</u> | <u>64,421</u> | <u>42,738</u> | <u>41,271</u> |
| Current liabilities | | | | |
| Trade and other payables | 17,184 | 12,743 | 320 | 239 |
| Hire purchase payable | – | 20 | – | – |
| Provision for warranty claims | 1,169 | 1,181 | – | – |
| Interest bearing loans and borrowings (ii) | 393 | 752 | – | – |
| Current tax payables | 252 | 315 | – | – |
| | <u>18,998</u> | <u>15,011</u> | <u>320</u> | <u>239</u> |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 936 | 1,105 | – | – |
| Interest bearing loans and borrowings (ii) | 2,343 | 2,830 | – | – |
| | <u>3,279</u> | <u>3,935</u> | <u>–</u> | <u>–</u> |
| Total liabilities | <u>22,277</u> | <u>18,946</u> | <u>320</u> | <u>239</u> |
| Capital and reserves | | | | |
| Share capital | 43,045 | 42,999 | 43,045 | 42,999 |
| Share-based compensation reserve | 359 | 323 | 359 | 323 |
| Accumulated profits/(losses) | 29,388 | 28,867 | (986) | (2,290) |
| Foreign currency translation reserve | (27,577) | (26,714) | – | – |
| Total equity | <u>45,215</u> | <u>45,475</u> | <u>42,418</u> | <u>41,032</u> |
| Total equity and liabilities | <u>67,492</u> | <u>64,421</u> | <u>42,738</u> | <u>41,271</u> |

(i) This is a loan due from a subsidiary company where there is no plan for repayment in the near future and is reclassified as long-term loan receivables as at 30 June 2017.

(ii) Refer to 1(b)(ii) below.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

| | 30-Jun-2017 \$'000 | 30-Jun-2016 \$'000 |
|--|-----------------------|-----------------------|
| Interest bearing loans and borrowings - short-term | 393 | 752 |
| Interest bearing loans and borrowings - long-term | 2,343 | 2,830 |
| | <u>2,736</u> | <u>3,582</u> |

Group's borrowings as at 30 Jun 2017 were S\$2.74 million (30 June 2016 : S\$3.6 million) for the partial financing of the renewal consideration for the lease extension of the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia.

Detail of any collateral

The Group's borrowings are secured by charge on the lease of the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia and corporate guarantee by the Company.

- I (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) - in SGD

| | Group | | Group | |
|--|--|--|---|---|
| | 3-Month Period Ended 30-Jun-17 S'000 | 3-Month Period Ended 30-Jun-16 S'000 | 12-Month Period Ended 30-Jun-17 S'000 | 12-Month Period Ended 30-Jun-16 S'000 |
| Operating activities | | | | |
| Profit after taxation | 1,012 | 7 | 521 | 1,970 |
| <i>Adjustments for:-</i> | | | | |
| Depreciation of property, plant and equipment | 926 | 714 | 2,914 | 2,725 |
| Amortisation of intangible assets | 34 | 30 | 136 | 219 |
| Property, plant and equipment written off | - | 4 | 1 | 4 |
| Reversal of impairment loss on a property | - | (222) | - | (222) |
| Allowance of inventory obsolescence | 90 | 954 | 144 | 802 |
| Interest income | (14) | (49) | (75) | (77) |
| Interest expense | 37 | - | 145 | - |
| Provision for warranty claims | 380 | 286 | 946 | 830 |
| Fair valuation loss on quoted debt securities held-for-trading | - | 2 | 2 | 8 |
| Equity-settled share based expense | - | 25 | 36 | 133 |
| Tax expense/(credit) | 1,074 | (1,018) | 409 | (702) |
| Unrealised foreign exchange gain | (584) | (65) | (304) | (348) |
| | <u>2,955</u> | <u>668</u> | <u>4,875</u> | <u>5,342</u> |
| <i>Changes in working capital:</i> | | | | |
| (Increase)/Decrease in inventories | (1,134) | 2,949 | (4,379) | (558) |
| Decrease/(Increase) in trade and other receivables | 1,112 | 662 | 1,686 | (1,015) |
| Decrease/(Increase) in prepayments | 988 | 285 | 317 | 113 |
| Increase in trade and other payables | 3,040 | 940 | 4,174 | 4,008 |
| Net cash from operations | <u>6,961</u> | <u>5,504</u> | <u>6,673</u> | <u>7,890</u> |
| Net income tax paid | (45) | (351) | (656) | (565) |
| Warranty claims paid | (235) | (221) | (906) | (870) |
| Cash flows from operating activities | <u>6,681</u> | <u>4,932</u> | <u>5,111</u> | <u>6,455</u> |
| Investing activities | | | | |
| Interest received | 12 | 46 | 68 | 59 |
| Proceeds from matured debt securities held-for-trading | - | - | 300 | - |
| Acquisition of a subsidiary | - | - | - | (3,985) |
| Purchase of property, plant and equipment | (1,624) | (6,493) | (5,572) | (11,225) |
| Proceeds from previously restricted cash | - | - | - | 4,800 |
| Cash flows used in investing activities | <u>(1,612)</u> | <u>(6,447)</u> | <u>(5,204)</u> | <u>(10,351)</u> |
| Financing activities | | | | |
| Repayment of hire purchase liability | - | (5) | (20) | (7) |
| Interest paid | (35) | - | (141) | - |
| Proceeds from issue of shares | - | - | 46 | - |
| (Repayment of)/Proceeds from interest bearing loans and borrowings (i) | (96) | 3,600 | (698) | 3,600 |
| Cash flows (used in)/from financing activities | <u>(131)</u> | <u>3,595</u> | <u>(813)</u> | <u>3,593</u> |
| Net increase in cash and cash equivalents | <u>4,938</u> | <u>2,080</u> | <u>(906)</u> | <u>(303)</u> |
| Cash and cash equivalents at beginning of period | 10,439 | 14,552 | 16,214 | 16,754 |
| Effect of exchange rate changes on balances held in foreign currency | 364 | (418) | 433 | (237) |
| Cash and cash equivalents at end of period (ii) | <u>15,741</u> | <u>16,214</u> | <u>15,741</u> | <u>16,214</u> |
| (i) The repayment of loan relates to the Group's borrowings for the partial financing of the renewal consideration for the lease extension of the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia. | | | | |
| (ii) Cash and cash equivalents per statement of cash flows (S\$'000) | <u>15,741</u> | <u>16,214</u> | | |
| Deposits pledged (S\$'000) | 130 | 136 | | |
| Cash and cash equivalents per the statements of financial position (S\$'000) | <u>15,871</u> | <u>16,350</u> | | |

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) - in SGD

| Group | Share capital \$'000 | Share-based compensation reserve \$'000 | Foreign currency translation reserve \$'000 | Accumulated profits/(loss) \$'000 | Total \$'000 |
|--|-------------------------|---|--|---|-----------------|
| At 1-Jul-2015 | 42,999 | 190 | (25,283) | 26,897 | 44,803 |
| Total comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 1,970 | 1,970 |
| <i>Other comprehensive income</i> | | | | | |
| Translation differences relating to financial statements of foreign subsidiaries | - | - | (1,431) | - | (1,431) |
| Total other comprehensive income | - | - | (1,431) | - | (1,431) |
| Total comprehensive income for the year | - | - | (1,431) | 1,970 | 539 |
| Transactions with owners, recorded directly in equity | | | | | |
| Equity-settled performance shares | - | 133 | - | - | 133 |
| At 30-Jun-2016 | 42,999 | 323 | (26,714) | 28,867 | 45,475 |
| At 1-Jul-2016 | 42,999 | 323 | (26,714) | 28,867 | 45,475 |
| Total comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 521 | 521 |
| <i>Other comprehensive income</i> | | | | | |
| Translation differences relating to financial statements of foreign subsidiaries | - | - | (863) | - | (863) |
| Total other comprehensive income | - | - | (863) | - | (863) |
| Total comprehensive income for the year | - | - | (863) | 521 | (342) |
| Transactions with owners, recorded directly in equity | | | | | |
| Issue of new shares | 46 | - | - | - | 46 |
| Equity-settled performance shares | - | 36 | - | - | 36 |
| At 30-Jun-2017 | 43,045 | 359 | (27,577) | 29,388 | 45,215 |
| Company | | | | | |
| At 1-Jul-2015 | 42,999 | 190 | (1,705) | | 41,484 |
| Total comprehensive income for the year | | | | | |
| Loss for the year | - | - | (585) | | (585) |
| Total comprehensive income for the year | - | - | (585) | | (585) |
| Transactions with owners, recorded directly in equity | | | | | |
| Equity-settled performance shares | - | 133 | - | | 133 |
| At 30-Jun-2016 | 42,999 | 323 | (2,290) | | 41,032 |
| At 1-Jul-2016 | 42,999 | 323 | (2,290) | | 41,032 |
| Total comprehensive income for the year | | | | | |
| Profit for the year | - | - | 1,304 | | 1,304 |
| Total comprehensive income for the year | - | - | 1,304 | | 1,304 |
| Transactions with owners, recorded directly in equity | | | | | |
| Issue of new shares | 46 | - | - | | 46 |
| Equity-settled performance shares | - | 36 | - | | 36 |
| At 30-Jun-2017 | 43,045 | 359 | (986) | | 42,418 |

- 1(d) (ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The Company issued 200,000 new ordinary shares pursuant to the options granted under the Company Employee Share Option Scheme 2014 during year ended 30 June 2017 (30 June 2016: None issued).

There are no outstanding convertibles as at the end of the current financial year reported on and as at the end of the corresponding period of immediately preceding financial year.

- 1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.**

The Company did not hold any treasury shares as at 30 June 2017 and 30 June 2016. The Company's share capital consists of 184,234,649 ordinary shares as at 30 June 2017 (30 June 2016: 184,034,649 ordinary shares).

- 1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company did not have any treasury shares during the period under review.

- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period, as those of the most recent audited financial statements for the financial year ended 30 June 2016.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The adoption of the new/amended FRS which became effective from 1 July 2016 does not have any significant impact on the financial statements.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividend.

| | 3-Month Period Ended 30-Jun-17 | 3-Month Period Ended 30-Jun-16 | 12-Month Period Ended 30-Jun-17 | 12-Month Period Ended 30-Jun-16 |
|--|---|---|--|--|
| Earnings per ordinary share for the financial period based on net profit attributable to shareholders: - | | | | |
| - on weighted average number of ordinary shares in issue (cents) | 0.55 | 0.00 | 0.28 | 1.07 |
| - on a fully diluted basis (cents) | 0.55 | 0.00 | 0.28 | 1.07 |

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the :-

- (a) Current period reported on; and
(b) Immediately preceding financial year.

| | Group | Company |
|--|--------|---------|
| | Jun-17 | Jun-16 |
| Net asset value per ordinary share based on existing issued share capital at the end of the respective financial period/year (cents) | 24.54 | 24.71 |
| | 23.02 | 22.30 |

8. **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 quarter ended 30 June 2017 ("4Q FY2017") increased 24.6% to S\$19.9 million from S\$16.0 million for the quarter ended 30 June 2016 ("4Q FY2016") as more yachts achieved construction milestones for revenue recognition as well as the sale of two trade-in boats.

Revenue for the full year ended 30 June 2017 ("FY2017") amounted to S\$58.7 million, unchanged from a year ago ("FY2016"). FY2017 revenue was impacted by the longer than expected delivery time for the first Grand Banks 60 yacht.

Gross profit

Gross profit for 4Q FY2017 increased 144.5% to S\$3.7 million from S\$1.5 million in 4Q FY2016, while gross profit margin rose to 18.8% from 9.6% over the comparative periods. The higher margins were due to increased output at the Pasir Gudang yard in 4Q FY2017, as well as the absence of a provision for raw materials of approximately S\$1.0 million recorded in 4Q FY2016.

For FY2017, gross profit increased to S\$10.5 million from S\$10.2 million in FY2016, while gross profit margin edged up to 17.9% from 17.4% over the comparative periods.

Operating expenses

Total operating expenses increased to S\$2.5 million for 4Q FY2017 from S\$2.2 million for 4Q FY2016, due mainly to higher broker commission arising from the increased brokerage income as well as higher professional fees. Other non-operating income stemmed from foreign exchange gains in 4Q FY2017. Other non-operating expenses in 4Q FY2016 stemmed from foreign exchange losses.

For FY2017, total operating expenses increased to S\$9.9 million from S\$9.0 million in FY2016, due mainly to higher broker commission, boat show expenses and marketing consultancy fees. Finance costs in FY2017 were due to the bank borrowings to finance part of the lease renewal consideration of its manufacturing yard in Pasir Gudang, Johor, Malaysia.

Taxation

The tax expense in 4Q FY2017 was due to profitability at two subsidiaries and deferred tax asset adjustment to reflect the actual full year financial results of the subsidiaries while the tax credit in 4Q FY2016 came from the recognition of deferred tax assets from unutilized tax losses and capital allowances of a subsidiary. It is probable that sufficient taxable profits will be available in the foreseeable future which would allow the subsidiary to utilize the tax benefits to offset its tax expenses.

Profit

As a result of the higher revenue and gross profit margins, the Group achieved a net profit of S\$1.0 million in 4Q FY2017. The Group broke even in 4Q FY2016.

For FY2017, the Group achieved a net profit of S\$0.5 million, lower than the S\$2.0 million for FY2016. The decrease was largely due to the higher selling and marketing expenses and the swing in taxation from a deferred tax asset recognition in FY2016 to a current tax provision in FY2017.

- 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's cash flow from operations rose to S\$6.7 million for 4Q FY2017 from S\$4.9 million for 4Q FY2016, mainly due to the higher net profit, increase in payables and decrease in receivables, partially offset by increase in inventories.

Cash flows used in investing activities amounted to S\$1.6 million for 4Q FY2017 mainly due to the investment in new yacht moulds and factory improvements to the Pasir Gudang facility to increase the covered usable space as well as to provide a more conducive working environment. In comparison, cash flows used in investing activities were S\$6.4 million for 4Q FY2016, mainly due to the renewal consideration of approximately S\$6.5 million for the lease extension of the manufacturing yard in Pasir Gudang.

Cash flows used in financing activities were S\$0.1 million in 4Q FY2017, compared to cash flows from financing activities of S\$3.6 million in 4Q FY2016. The Group financed part of the lease renewal consideration in 4Q FY2016 with bank borrowings which resulted in the installment repayment of the borrowings in 4Q FY2017.

As a result of the above, cash and cash equivalents increased to S\$15.9 million as at 30 June 2017 from S\$10.6 million as at 31 March 2017.

On a full-year basis, cash flow from operations decreased to S\$5.1 million in FY2017 from S\$6.5 million in FY2016, primarily due to the lower net profit.

Cash flows used in investing activities for FY2017 amounted to S\$5.2 million due to the development of new yacht models as well as improvements at the Pasir Gudang facility. In comparison, cash flows used in investing activities in FY2016 were S\$10.4 million due to the final payment of the consideration for the acquisition of PBMY, the lease renewal of the manufacturing yard in Pasir Gudang, and the development of new yacht models, mitigated by proceeds from previously restricted cash held for acquisition.

Cash flows used in financing activities for FY2017 came to S\$0.8 million due to the installment repayment of borrowings used for the lease extension of the Group's yard in Johor, Malaysia in FY2016. The Group had S\$3.6 million in cash inflows from financing activities in FY2016 as it financed part of the lease renewal consideration with bank borrowings in FY2016.

Despite the strong cash flow from operations, cash and cash equivalents decreased to S\$15.9 million as at 30 June 2017 from S\$16.4 million as at 30 June 2016 due to the investment in new yacht models and in the factory improvement of its facility in Johor, Malaysia.

Review of Financial Position

Non-current assets increased to S\$31.2 million as at 30 June 2017 from S\$29.1 million as at 30 June 2016 due primarily to the investment in new yacht moulds and in factory improvements at its facility in Johor, Malaysia. Current assets increased to S\$36.3 million as at 30 June 2017 from S\$35.3 million as at 30 June 2016 mainly due to increase in inventories.

Total liabilities increased to S\$22.3 million as at 30 June 2017 from S\$18.9 million as at 30 June 2016 mainly due to increase in payables, deferred income on contract work-in-progress and GST accrual, the result of higher production activities.

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

Not applicable.

10. 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.

Three years after the acquisition of Palm Beach Motor Yachts Co Pty Ltd the Group has raised its profile as a luxury yacht builder with two boat brands under the leadership of its Chief Executive Officer, Mr Mark Richards. The Group has executed significant initiatives to improve production and operational efficiencies while expanding its product line. These efforts have resulted in the Group's corporate recovery with a performance in 4Q FY2017 contributing to a second consecutive year of profits for the Group.

At the May 2017 Sanctuary Cove International Boat Show, the Group unveiled its flagship Grand Banks 60 yacht, representing a new benchmark for the marque. The Grand Banks 60 is the first collaboration between the Grand Banks and Palm Beach design teams, underscoring the Group's successful integration.

In seeking to further raise the profile of its two brands, the Group will continue to launch new models and market its yachts at leading international boat shows – including the upcoming Newport, Norwalk, Annapolis and Fort Lauderdale boat shows.

The Group received 19 new orders in FY2017 which brought its order book to S\$36.8 million as at 30 June 2017.

11. Dividend

a) Current Financial Period Reported on 30 June 2017

Any dividend declared for the current financial year reported on?

No.

b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

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

No dividend has been declared.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained from shareholders for IPT.

Mr. Mark Jonathon Richards, the Group's Chief Executive Officer, owns the manufacturing facility at Berkeley Vale, Sydney, Australia. This facility is leased to PBMV, one of the Group's subsidiary companies. For the period from 1 April 2017 through 30 June 2017, the monthly rental amount paid by PBMV for use of the manufacturing facility was approximately S\$21,000. The existing lease expired on 30 June 2017. The Company has renewed the lease for another three years at a monthly amount of approximately S\$23,000, based on independent valuation. The transaction has been reviewed by the Risk Management & Audit Committee ("RMAC") of the Company, and the RMAC is of the view that the terms of the transaction is on normal commercial terms, and is not prejudicial to the interest of the Company and its minority shareholders.

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

Not applicable for announcement of full year financial statements.

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

| | ↔ Reconciliation ↔ | | | | | | | |
|---|-----------------------------------|-------------------------------|-----------|-------------------------------|-------------|-------------------------------|--------------|-------------------------------|
| | Manufacturing and trading segment | | Corporate | | Elimination | | Consolidated | |
| | \$'000 | 12-month year ended 30-Jun-16 | \$'000 | 12-month year ended 30-Jun-16 | \$'000 | 12-month year ended 30-Jun-16 | \$'000 | 12-month year ended 30-Jun-16 |
| Revenue & expenses | | | | | | | | |
| External revenue | 58,701 | 58,667 | - | - | - | - | 58,701 | 58,667 |
| Inter-segment revenue | - | - | 2,141 | - | (2,141) | - | - | - |
| Total revenue | 58,701 | 58,667 | 2,141 | - | (2,141) | - | 58,701 | 58,667 |
| Segment results | | | | | | | | |
| Depreciation & amortisation | 5,033 | 5,311 | 1,302 | (596) | (2,141) | - | 4,194 | 4,715 |
| Allowance of inventory obsolescence | (3,050) | (2,944) | - | - | - | - | (3,050) | (2,944) |
| Reversal of impairment loss on a property | (144) | (802) | - | - | - | - | (144) | (802) |
| Interest income | - | 222 | - | - | - | - | - | 222 |
| Interest expense | 73 | 66 | 2 | 11 | - | - | 75 | 77 |
| | (145) | - | - | - | - | - | (145) | - |
| Operating profit/(loss) before tax | 1,767 | 1,853 | 1,304 | (585) | (2,141) | - | 930 | 1,268 |
| Income tax (expense)/credit | (409) | 702 | - | - | - | - | (409) | 702 |
| Segment profit/(loss) | 1,358 | 2,555 | 1,304 | (585) | (2,141) | - | 521 | 1,970 |

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

Revenue contribution by sales regions is shown below:

| | Group | | Group | |
|----------------------|---|-----------------------|---|-----------------------|
| | 12-Month Year Ended 30-Jun-17 \$'000 | % of Total Revenue | 12-Month Year Ended 30-Jun-16 \$'000 | % of Total Revenue |
| USA | 40,346 | 68.7 | 46,071 | 78.6 |
| Europe * | - | - | 205 | 0.3 |
| Australia | 18,355 | 31.3 | 9,938 | 16.9 |
| Japan | - | - | 2,453 | 4.2 |
| Total Revenue | 58,701 | 100.0 | 58,667 | 100.0 |

* comprises (2016 : England)

17. A breakdown of revenue:

| | Group | | |
|--|---|---|-------------|
| | 12-Month Year Ended 30-Jun-17 \$'000 | 12-Month Year Ended 30-Jun-16 \$'000 | Change % |
| (a) Revenue reported for the first half of the financial year | 25,608 | 25,432 | 0.7 |
| (b) Profit reported for the first half of the financial year | 618 | 1,588 | (61.1) |
| (c) Revenue reported for the second half of the financial year | 33,093 | 33,235 | (0.4) |
| (d) (Loss)/Profit reported for the second half of the financial year | (97) | 382 | (125.4) |

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:

| | 12-Month Year Ended 30-Jun-17 \$'000 | 12-Month Year Ended 30-Jun-16 \$'000 | Change % |
|--|---|---|-------------|
| | Final dividend net of tax | Nil | Nil |

19. Report of persons 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 shareholder of the Company.

20. 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.

21. 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 2017