



GRAND BANKS YACHTS LIMITED

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Grand Banks Yachts' FY2015 Order Book Soars To New Six-Year High Of S\$36.5 Million On Combined Orders Of Two Boat Brands

SINGAPORE, 29 August 2015 – Grand Banks Yachts Limited's ("Grand Banks" or the "Group") order book for the financial year ended 30 June 2015 ("FY2015") soared to a six-year high of S\$36.5 million, lifted by five new orders in the April-June 2015 quarter ("4Q FY2015") for its two world-class boat brands in the U.S. and Australian markets. Most of the net order book is expected to contribute to FY2016 revenue.

The new orders and the increase in 4Q FY2015 Group revenue to S\$13.7 million from S\$13.2 million a year earlier took place against a backdrop of strategic initiatives undertaken following the completion of the acquisition of Palm Beach Motor Yacht Co Pty Ltd ("PBM") on 1 August 2014.

These initiatives included:

- A deliberate decision to reduce production at the Malaysian plant – without lowering headcount – so that the Group could focus on new designs and modify existing Grand Banks models;
- Sales incentives given to expedite the sale of older model inventory yachts;
- Investments in new boat building equipment;
- Migration of production of certain Palm Beach models from Australia (where the facility has already reached full capacity) to Malaysia;
- Investments in training; and
- Overall reorganisation of the Malaysian factory.

These initiatives are in line with the strategic plan implemented in the last 11 months to build a more integrated combined design, production and marketing process, which can serve as the unified delivery platform to execute recovery and long-term growth for the Group.

The Group's reorganisation efforts impacted performance for 4Q FY2015 and the entire financial year. Gross profit margin declined to 3.9% in 4Q FY2015 (4Q FY2014: 17.7%), while gross profit declined to S\$0.5 million from S\$2.3 million over the comparative periods.

For 4Q FY2015, the Group recorded a net loss of S\$2.4 million for 4Q FY2015 against a S\$0.8 million profit in 4Q FY2014. For FY2015, it recorded a net loss of S\$4.8 million (FY2014: S\$1.0 million profit) on revenue of S\$39.2 million (FY2014: S\$40.3 million).

Despite challenging conditions, operating cash flow was S\$1.7 million for 4Q FY2015 and S\$2.7 million for the whole of FY2015, due to astute management of working capital and the sale of older inventory yachts.

Cash flows used in investing activities were S\$11.2 million for the whole of FY2015 due to the acquisition of PBM Y and the development of new yacht models, as well as placement in escrow of the earn-out payment for the PBM Y acquisition. The acquisition included an earn-out model under which PBM Y had to achieve combined net profits before tax equal to or more than AUD2.64 million for FY2014 and FY2015 ("target profits"). All indications – subject to final audit – are that PBM Y has met the target profits.

As a result of the above, as well as cash flows used in financing activities due to the repayment of PBM Y's loan upon its acquisition, cash and cash equivalents rose to S\$21.7 million as at 30 June 2015 from S\$20.6 million as at 31 March 2015. The cash and cash equivalents of S\$21.7 million as at 30 June 2015 included restricted cash of S\$4.8 million relating to the earn-out payment for the PBM Y acquisition, as well as deposits pledged of S\$0.2 million.

Having started building three Palm Beach boats in Pasir Gudang during FY2015, the Group intends to build more Palm Beach boats in Malaysia, which should improve utilisation rates as well as Group-wide margins. The first Malaysian-built Palm Beach boat is on track for completion by October 2015. In addition, the Group has transitioned to a factory-direct sales model in North America, which will deliver a superior customer experience and significantly lower the overall costs of distribution.

Throughout FY2015, the Group also designed and developed new products across both brands. These include the Grand Banks 60, a line of better-performing yachts with a fresh appearance that has received strong buyers' interest, as well as the Grand Banks 44 Eastbay and Palm Beach 42. The first Grand Banks 60 boat is due for completion in the fourth quarter of FY2016.

Mr. Mark Richards, Chief Executive Officer of Grand Banks, said, "FY2015 has been a year of investing in people, product line and factories to create long-term value. We appointed a new factory-direct sales team in the USA, restructured the Malaysian manufacturing facility, and generated many orders and leads for the three new models that will debut in FY2016. We now have a strong team that can compete well in the global yacht industry. I am very much looking forward to the year ahead."

Mr. Heine Askaer-Jensen, Chairman of Grand Banks, said, "The Group is charting a path of renewed growth with our two boat brands, buoyed by increased buyer interest across global markets. We will focus on the integration of our manufacturing operations and streamline efficiencies across our facilities. We will continue to drive innovation in our product line as we pursue a greater market share of the luxury yacht sector."

Having executed a post-acquisition and strategic plan for much of FY2015, the Group is reasonably confident that the bulk of the reorganisation of the Malaysian facility and integration of both facilities has been completed. The Board of Directors expects that the Group's financial performance will improve significantly in FY2016.

End of Release

About Grand Banks Yachts Limited

With a renowned legacy that dates back to 1956, Singapore-based Grand Banks Yachts Limited is a global brand well known for its vast experience in manufacturing and selling luxury motor yachts. The Grand Banks brand is recognized across the globe for superior quality and craftsmanship which created one of the most acclaimed and highly sought-after yachts in the market today. The Group's manufacturing facility is located in Pasir Gudang in Malaysia. Grand Banks was listed on the SGX in 1987 and upgraded to the Main Board in 1993.

In 2014, Grand Banks completed its first acquisition – of Palm Beach Motor Yacht Co Pty Ltd ("Palm Beach"), a manufacturer of luxury yachts with a reputation for impeccable quality that combines cutting-edge technology and modern designs. Palm Beach has its manufacturing facility at Berkeley Vale, Sydney, Australia, and builds yachts ranging between 42 feet to 65 feet.

For more information, visit: www.grandbanks.com; www.pbmotoryachts.com

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