

**GRAND BANKS YACHTS LIMITED**

(Company Reg. No.: 197601189E)

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## SGX-Listed Grand Banks Yachts Posts 1H FY2016 Profit Of S\$1.6 Million Following Successful Integration Of Newly Acquired Palm Beach Boats

- Gross profit and gross profit margin increase significantly
- 1H FY2016 bottom-line swings S\$2.8 million positively to S\$1.6 million net profit from a loss of S\$1.2 million
- Orders for five new boats bring net order book to S\$31.9 million as at 31 December 2015

As at 31 December S\$'000	2Q FY2016	2Q FY2015	Change (%)	1H FY2016	1H FY2015	Change (%)
Revenue	11,386	12,678	(10.2)	25,432	19,195	32.5
Gross Profit	2,804	2,221	26.2	6,240	2,840	119.7
Gross Profit Margin	24.6%	17.5%	7.1 ppt*	24.5%	14.8%	9.7 ppt*
Total Operating Expenses	(2,483)	(1,962)	26.6	(4,608)	(4,105)	12.3
Profit/(Loss) from Operations	321	259	23.9	1,632	(1,265)	N.M. #
Net Profit/(Loss) for the Period	364	58	N.M. #	1,588	(1,212)	N.M. #

\* ppt – percentage points

# N.M. – Not Meaningful

**SINGAPORE, 4 February 2016 – Grand Banks Yachts Limited (“Grand Banks” or “the Group”)** said today its successful integration of a newly acquired boat brand contributed to a positive swing of S\$2.8 million in bottom-line as net profit for the July-to-December 2015 period (“1H FY2016”) rose to S\$1.6 million from a loss of S\$1.2 million a year earlier.

The SGX Mainboard-listed luxury yacht maker recorded a net profit of S\$0.4 million for the quarter ended 31 December 2015 (“2Q FY2016”), an increase from S\$0.1 million a year earlier.

Despite 2Q FY2016 revenue declining 10.2% to S\$11.4 million from S\$12.7 million in 2Q FY2015, gross profit rose 26.2% to S\$2.8 million from S\$2.2 million, while gross profit margin improved to 24.6% from 17.5% over the comparative periods.

The stronger financial performance reflects the Group’s successful integration of operations – including sales, marketing, manufacturing, financial reporting and personnel functions – after it completed the acquisition of Palm Beach Motor Yacht Co Pty Ltd of Australia on 1 August 2014.

Grand Banks has adopted a factory-direct sales model which, together with a stronger U.S. dollar – the transaction currency for more than half of the Group's boat sales, which are built in Australia and Malaysia – helped to lift the gross profit.

For 1H FY2016, revenue grew 32.5% to S\$25.4 million from S\$19.2 million a year ago. Gross profit rose to S\$6.2 million in 1H FY2016 from S\$2.8 million in 1H FY2015 while gross profit margin widened to 24.5% from 14.8%, respectively. As a result, the Group reversed from a loss of S\$1.2 million in 1H FY2015 to post a net profit of S\$1.6 million for 1H FY2016.

The Group's cash flow from operating activities improved to S\$4.6 million for 1H FY2016, compared to cash flow used in operating activities of S\$0.1 million a year ago. This was due to net profit for 1H FY2016 and lower working capital. New orders secured led to more customer deposits and hence higher payables while the completion of a yacht at the end of December 2015 led to an increase in receivables.

Payment for the second and final consideration for the acquisition of Palm Beach Motor Yacht Co Pty Ltd was made in the quarter under review. As a result, cash and cash equivalents decreased to S\$20.1 million as at 31 December 2015 from S\$23.2 million as at 30 September 2015.

Earnings per share increased to 0.20 cent in 2Q FY2016 from 0.03 cent in 2Q FY2015. Net asset value per share increased marginally to 24.36 cents as at 31 December 2015 from 24.34 cents as at 30 June 2015.

Five new boat orders – which include new designs like the Grand Banks 44 and Palm Beach 42 – in 2Q FY2016 helped the Group achieve a net order book of S\$31.9 million as at 31 December 2015.

Grand Banks' boats were well received in the November 5-9 Fort Lauderdale International Boat Show, the world's largest. To accelerate marketing efforts, the Group will participate in major boat shows this year in Miami (February 11-15) and Singapore (April 7-10).

Grand Banks' CEO, Mr. Mark Richards, said, "We are well into restructuring our Malaysian operations, as well as integrating Grand Banks and Palm Beach's manufacturing techniques. Our new factory-direct sales model has been an excellent move, giving us total control over our sales performance and products. The results have been very positive and with so much still to do, I am excited for the future of the Company."

Mr. Heine Askaer-Jensen, Chairman of Grand Banks, said, "Grand Banks has turned the tide and is now charting a new growth phase powered by a clear product roadmap for

two world-class boat brands. We will strive to increase the order book for both our brands with a view to driving long-term value for shareholders."

**## 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](http://www.grandbanks.com); [www.pbmotoryachts.com](http://www.pbmotoryachts.com)

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