



GRAND BANKS YACHTS LIMITED

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Grand Banks Yachts Announces Third Quarter Results; Five New Boat Orders Lift Order Book To Six-Year High Of S\$31.6 Million

SINGAPORE, 15 May 2015 – Grand Banks Yachts Limited (“Grand Banks” or “the Group”) announced today that it recorded revenue of S\$6.3 million for the quarter ended 31 March 2015 (“3Q 2015”), a period in which it also secured five boat orders which lifted the Group’s order book to a six-year high of S\$31.6 million.

The SGX Mainboard-listed builder of two world-class luxury boat brands said its revenue in 3Q 2015 declined 22.2% from S\$8.1 million a year earlier due to a reduced production schedule at its Malaysian factory so that the Group could focus on new product development as well as lower sales of inventory yachts.

Gross profit declined to S\$0.5 million from S\$1.7 million over the comparative periods largely due to the lower revenue as well as the depreciation of tooling and amortization of intangible assets of S\$0.4 million in relation to the Palm Beach Motor Yacht Co Pty Ltd (“PBM”) acquisition completed on 1 August 2014.

Total operating expenses rose to S\$2.0 million in 3Q 2015 from S\$1.2 million in 3Q 2014 largely as administrative expenses increased to S\$0.9 million from S\$0.6 million over the comparative periods as a result of a new management appointment and inclusion of PBM’s expenses. Other operating income/(expenses) declined significantly due to the recovery of doubtful debts and forfeiture of customer deposits recorded in 3Q 2014.

Since the acquisition, the Group has focused efforts to integrate manufacturing operations of both brands, with particular focus on improving work processes and factory utilization rates at its Malaysian facility; developing new designs; and jointly marketing both brands at major international boat shows.

As a result of its new U.S. joint-sales strategy at the Miami Boat Show 2015 and the Palm Beach International Boat Show 2015 during the quarter under review, the Group secured five boat orders – one Grand Banks boat and four Palm Beach boats.

Grand Banks also participated in the Singapore Yacht Show 2015, showcasing the new GB 55 Aleutian RP and the GB 41 Heritage EU to growing interest from local buyers.

Additionally, the Group has designed three new models – the Grand Banks 60, GB Eastbay 44 and Palm Beach 42 – which will soon debut in the market. As at the end of 3Q 2015, the Group had received an order for each of the three new models.

As a result of the above, the Group recorded a net loss of S\$1.1 million in 3Q 2015 compared to a net profit of S\$0.5 million in 3Q 2014. Excluding the non-cash expenses

recognized in relation to the acquisition of Palm Beach, the net loss for 3Q FY2015 would have been reduced to S\$0.9 million.

The Group's loss per share for 3Q 2015 was 0.62 cent while net asset value per share stood at 26.50 cents as at 31 March 2015.

Cash inflow from operating activities improved significantly to S\$1.2 million in 3Q 2015 compared to cash outflow of S\$2.3 million in 3Q FY2014, mainly due to a decrease in working capital – attributable to a decrease in receivables as payments were received from customers, and an increase in payables, offset by an increase in prepayments. The higher orders in 3Q 2015 led to more customer deposits resulting in the increase in payables and prepayments associated with the purchase of raw materials.

Due to the development of new yacht models, cash flows used in investing activities were S\$0.4 million for 3Q 2015. In comparison, cash flows generated from investing activities in 3Q 2014 were S\$0.3 million due mainly to the proceeds of matured debt securities held-for-trading and lower capital expenditure.

Cash and cash equivalents as per the statement of financial position increased to S\$20.6 million as at 31 March 2015 from S\$20.0 million as at 31 December 2014. The cash and cash equivalents of S\$20.6 million as at 31 March 2015 included restricted cash of S\$4.8 million in relation to the potential earn-out payment as part of the Palm Beach acquisition and deposits pledged of S\$1.8 million.

Mr. Mark Richards, Chief Executive Officer of Grand Banks, said, "The market is clearly recovering from the 2009 global financial downturn and we are responding with new designs and vigour in our marketing efforts. Our focus is to improve efficiency, introduce new designs and to market aggressively amidst this recovery. We are glad that we have begun to show results in strong orders so soon after the Palm Beach acquisition."

As part of the Palm Beach acquisition, the terms include an earn-out model based on the financial results of Palm Beach – where Palm Beach has to achieve combined net profits before tax equal to or more than AUD2.64 million for FY2014 and FY2015 ("Target Profits"). Palm Beach is on track to achieving these Target Profits.

Mr. Heine Askaer-Jensen, Chairman of Grand Banks, said, "Under the new leadership we are charting a path of recovery and growth with two global brands which cater to different segments of the market. It is an exciting journey ahead of us as we continue to pursue efficiencies and market share."

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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