

**GRAND BANKS YACHTS LIMITED**

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Grand Banks Yachts Reverses Losses To Post 1Q FY2016 Net Profit Of S\$1.2M

- Revenue more than doubles to S\$14.0 million due to progressive recognition of accumulated order book
- Gross profit and gross profit margin higher following restructuring efforts
- Net profit of S\$1.2 million for 1Q FY2016 represents a positive swing of S\$2.5 million from a S\$1.3 million loss in 1Q FY2015
- Received five new boat orders in 1Q FY2016; aggregate net order book stands at S\$32.1 million as at 30 September FY2015

As at 30 September S\$ '000	1Q FY2016	1Q FY2015	Change (%)
Revenue	14,046	6,517	115.5
Gross Profit	3,436	619	455.1
Gross Profit Margin	24.5%	9.5%	15.0 ppt *
Total Operating Expenses	(2,125)	(2,143)	(0.8)
Net Profit/(Loss)	1,224	(1,270)	196.4
Earnings Per Share (cents)	0.66	(0.70)	N.M. #

* ppt – percentage points

N.M. – Not Meaningful

SINGAPORE, 27 October 2015 – Grand Banks Yachts Limited (“Grand Banks” or “the Group”) said today its net profit after tax for the quarter ended 30 September 2015 (“1Q FY2016”) swung from a loss of S\$1.3 million in 1Q FY2015 to S\$1.2 million net profit. Following restructuring efforts after a major acquisition, gross profit margin increased to 24.5% from 9.5% over the comparative periods.

The SGX Mainboard-listed builder of the Grand Banks brand of luxury yachts said net profit rose after introducing initiatives to integrate design, production and marketing following the acquisition of Palm Beach Motor Yacht Co Pty Ltd (“PBM”) of Australia, which was completed on 1 August 2014.

1Q FY2016 revenue more than doubled to S\$14.0 million from S\$6.5 million a year earlier, due to progressive recognition of orders – which included revenue contribution from the first two Palm Beach yachts being built in Malaysia.

Gross profit increased to S\$3.4 million from S\$0.6 million over the comparative periods. Together with improved internal efficiencies in two manufacturing locations, this helped lift gross margin to 24.5%. Total operating expenses stood at S\$2.1 million in 1Q FY2016, similar to 1Q FY2015.

Since the acquisition, the Group has aligned production between facilities in Malaysia and Australia. The Group migrated production of certain Palm Beach models to Malaysia where costs are lower. It also streamlined operations, increased training and introduced new boat-building equipment.

It also adopted a factory-direct sales model in North America, which has not only delivered a better customer experience but also significantly lowered distribution costs. The Group's gross profit also benefited from the strengthening of the U.S. dollar – the currency in which at least half of the Group's boat sales are denominated – against the Australian dollar and Malaysian ringgit.

Earnings per share reversed from a loss of 0.70 cent in 1Q FY2015 to 0.66 cent for 1Q FY2016.

Cash flows used in investing activities were S\$1.4 million for 1Q FY2016, due to the development of new Grand Banks and Palm Beach yacht models, which have generated six new orders as at 30 September 2015. In comparison, cash flows used in investing activities were S\$9.2 million in 1Q FY2015 mainly due to the acquisition of PBMV.

Cash and cash equivalents rose to S\$23.2 million as at 30 September 2015, up from S\$21.7 million as at 30 June 2015.

The Group's accumulated net order book stood at S\$32.1 million as at 30 September 2015, compared to S\$17.5 million a year ago, after adding five new orders from recent boat shows.

In the quarter under review, Grand Banks participated in the Newport and Norwalk boat shows in the U.S., and will take part in next month's Fort Lauderdale International Boat Show 2015 – the world's largest boat show.

Commenting on the results, Mr. Mark Richards, Chief Executive Officer of Grand Banks, said, "Having completed the bulk of our integration initiatives, we have built a new foundation to strengthen design, production, communication, and internal efficiencies."

Mr. Heine Askaer-Jensen, Chairman of Grand Banks, said, "The latest quarter reflects initiatives undertaken in the past 12 months which will assist us in enhancing shareholder value, moving forward."

Barring any unforeseen circumstances, the Board of Directors expects the Group's FY2016 performance to improve significantly compared to FY2015.

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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