04 April 2019

GYG plc

("GYG", the "Company" or the "Group")

2018 FINAL RESULTS

A challenging year with a visible recovery in Q4 2018

GYG plc (AIM: GYG), the market leading superyacht painting, supply and maintenance company, today announces its audited results for the year ended 31 December 2018.

Financial Highlights

- Group revenue of €45.0m (FY17: €62.6m)
  - Coating (Refit and New Build) revenue of €35.5m (FY17: €53.7m)
  - Supply revenue up 7% to €9.5m (FY17: €8.9m)
- Adjusted EBITDA[1] loss of €0.9m (FY17: €7.2m)
- Operating loss of €4.3m (FY17: operating profit of €1.4m)
- Net debt position[2] of €6.6m at 31 December 2018 (FY17: €6.7m)
- Cash of €5.1m as at 31 December 2018 (€6.2m at 31 December 2017)

Operational Highlights

- Despite a challenging 2018 due to a very soft Refit market and lower project wins in New Build, GYG had a Record Order Book[3] as at 31 March 2019 of €38.8m, €28.5m ahead of the same point in the prior year (€10.3m as of 31 March 2018)
- Higher visibility of income at an earlier stage with increasing New Build income throughout the year. The announcement of three substantial New Builds over 70m+ in length in Northern Europe since the 2018 year end softened the Refit seasonality
- MB92 Barcelona, one of the leading superyacht Refit centers in the world, recently invested in the South of France, acquiring an established shipyard and one of the largest dry docks in Europe, dedicated to superyachts. GYG has signed a new commercial agreement with MB92 Group to extend the current relationship in Spain to their new French operation
- Significant progress has been made in systems, processes and controls across the Group. The Board has also restructured the organisation's senior and middle management, with more focus on production and gross margins, pipeline, sales and key industry partnerships, combined with improved technology

Outlook

- Current trading in 2019 is in line with expectations after an encouraging start to the year
- The Group has agreed terms on three New Build contracts since the 2018 year end in Northern Europe and the Board expects to see an upturn in Refit business
- Two major yacht facilities in the US are nearing completion of significant site upgrades which are expected to come online in H1 2019. GYG is well placed in both facilities and the Group's US team is gearing up for additional expansion, with a strengthening of its workforce and management team

1) Adjusted EBITDA is defined as operating profit before depreciation, amortisation, impairment, share based payments and exceptional items. This is an alternative performance measure, that provides an analysis of the operating results excluding non-cash variables and non-recurring items which can vary substantially from company to company. This indicator is widely used by investors when evaluating businesses, rating agencies and creditors to evaluate the level of debt, comparing EBITDA with net debt

2) *Net debt position is defined as the net cash and cash equivalent balances, less short and long-term borrowings and obligations under finance leases. This is an alternative performance measure used by investors, financial analysts, rating agencies, creditors and other parties to ascertain a company's debt position.*
3) *Order Book is defined as contracted but unbilled New Build and Refit projects across the Group.*

Remy Millott, CEO of GYG commented:

"Despite 2018 being a very difficult year for the Group and the wider market, we have made significant progress internally through Q4 2018 following our focus on improving the business and the way in which we operate. The changes we have put in place have provided greater visibility on future revenues, gross margins, sales and pipeline. The systems also ensure management can address any important issues earlier than we have been able to in the past, enabling the team to spend more time with key clients while focusing on winning business from both new and existing customers.

"The strong Order Book position at this stage in the year and the exciting opportunites that we are being presented with, gives the Board confidence for the future where we are focused on delivering long term shareholder value."

Analyst meeting

There will be a presentation for sell-side analysts at 9:30am this morning, 04 April 2019, the details of which can be obtained from FTI Consulting.

Enquiries:

The Group updated its website and changed its domain from www.globalyachtinggroup.com to www.gygplc.com on 4 April 2019. An auto-redirect is in place to ensure any enquiries made to the previous domain will be redirected to www.gygplc.com.

GYG plc Remy Millott, Chief Executive Officer Gloria Fernandez, Chief Financial Officer Kevin McNair, Interim Chief Financial Officer	**via FTI Consulting** **Tel: +44 (0) 20 3727 1000**
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The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Notes to Editors:

GYG is the market leading superyacht painting, supply and maintenance company, offering services globally through operations in the Mediterranean, Northern Europe and the United States. The Company's brands include Pinmar, Rolling Stock, Pinmar Supply, Pinmar USA, Techno Craft and ACA Marine. GYG's operations can be divided into three key sales channels:

- Refit: repainting and finishing of superyachts, normally as part of a refit programme. Revenues also include scaffolding and containment work;
- New Build: fairing and painting of new vessels as part of the build process; and
- Supply: selling and delivery of maintenance materials, consumables, spare parts and equipment primarily to trade customers.

This announcement contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could, is confident, or other words of similar meaning. Undue reliance should not be placed on any such statements because they speak only as at the date of this document and, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. There are a number of factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. The Company undertakes no obligation to revise or update any forward-looking statement contained within this announcement, regardless of whether those statements are affected as a result of new information, future events or otherwise, save as required by law and regulations.

CHAIRMAN'S STATEMENT

Our FY18 results are disappointing relative to the solid growth we reported in 2017. We started the year with a strong sales pipeline and strategic initiatives to grow our market share in both New Build and Refit. However, the Refit market was unexpectedly soft following the disruption to cruising patterns as a result of the hurricanes at the end of 2017 and a significant downturn at two of our significant Refit yards (Barcelona and La Ciotat). It also took us longer than expected to close major New Build projects, which would have underpinned the Order Book and mitigate the seasonality and temporary weakness across the Refit market sector.

Despite this, we started to see good recovery in Q4 2018 with a number of contracts signed, and now expect Refit trading patterns to return to normal during 2019. I am pleased to report that during Q1 2019, as a result of the strategic endeavours with the New Build shipyards throughout 2018, we have announced three major New Build projects in Holland, contributing to a record forward Order Book for 2019, and future visibility with the orders extending through 2020.

Management have taken several actions to improve the Group's performance including the strengthening of the leadership team with the appointment of a new Chief Operations Officer, Raúl Galán. There is a clear plan and targets in place to deliver operational efficiencies, improve cost controls and provide more focus on sales and business development.

FINANCIAL RESULTS

As a result of this challenging year, revenue in the year ended 31 December 2018 decreased 28% to €45.0m (FY17: €62.6m), with a 34% decrease in the Coating Division, reflecting the continued turbulence in the Refit market and the lower than expected New Build revenue, partially compensated by the continued good performance of the Supply Division with a 7% growth in 2018.

The significantly reduced level of activity led to lower gross margin of 17.9% this year (FY17: 27.1%). Despite a €9.5m decrease in operating costs excluding exceptional items, impairment and performance share plan costs, operating costs could not be entirely adjusted in line with the decrease in turnover and the Group recorded an operating loss of €4.3m in the year (FY17: profit of €1.4m) and an adjusted negative EBITDA margin of (2.0%) in the year (FY17:11.5%) resulting in a net loss, excluding exceptional items, impairment and performance share plan costs, for the year of €1.7m (FY17: net profit €3.6m).

EARNINGS PER SHARE AND DIVIDENDS

The net loss for the year was €3.2m (FY17: loss €0.4m) creating a loss per share of €0.06 (FY17: loss of €0.01 per share) and an adjusted basic loss per share of €0.03 (FY17: €0.14 earnings per share).

The Board believed it was in the best interests of the Group not to pay a dividend in relation to FY18, however it is the Board's intention to reinstate its progressive dividend policy at the earliest appropriate opportunity.

FINANCIAL POSITION

Cash and cash equivalents totalled €5.1m as at 31 December 2018, compared to €6.2m as at 31 December 2017. The decrease year on year, partially compensated by the management of working capital, corresponds mainly to the lower EBITDA and the repayment of banking debt, finance leases and June 2018 dividends which related to FY17. This, as a result, gives an external net debt of €6.6m as at 31 December 2018, compared to €6.7m at 31 December 2017.

Total net assets on the balance sheet were €12.5m as at 31 December 2018, compared to €17.4m as at 31 December 2017 reflecting the lower activity in the year.

CURRENT TRADING AND OUTLOOK

We have had an encouraging start to 2019 with both New Build and Refit activity levels up, continuing through from Q4 2018. Having adopted a more conservative approach to forecasting, we remain cautious until there is firm evidence of an increase in volume of Refit orders to continue into the second and third quarters. We have a 143meters New Build project scheduled to start in Germany in June 2019, followed by another of the recently confirmed New Build orders in Holland commencing in October 2019. This further underpins our strategy of gaining market share in the New Build sector.

Our Supply business is trading in line with expectations and is progressing well in its strategy of expanding its footprint through retail partnerships and trade accounts, whilst growing share in the superyacht supply business with increased direct marketing. We continue to evaluate potential acquisition targets consistent with our strategy of developing the Group's position within the superyacht Service and Supply sector, however in the short-term we remain focused on growing market share in our core sectors.

As a result of the forthcoming maternity leave of the Group's Chief Financial Officer, Gloria Fernandez, I am pleased to confirm that Kevin McNair has taken on the role of Interim Chief Financial Officer. Kevin joined the business on 11 March 2019 to ensure that there is a smooth handover of responsibilities ahead of Gloria's planned leave. Kevin has more than 25 years' experience in financial management and capital markets. He has spent the past 15 years as finance director/chief financial officer of various publicly quoted and privately-owned businesses, most recently as interim CFO at Ebiquity plc.

Following an unusually difficult year, I am confident that the Group can now deliver long-term growth for our shareholders.

Stephen Murphy
Non-Executive Chairman
4 April 2019

CHIEF EXECUTIVE'S REPORT

2018 proved to be a very difficult year for GYG which is reflected in our year-end results. There are several major factors that explain the lower than expected revenue and profits, the most significant being an unexpectedly soft Refit market and the longer than initially expected time taken to sign contracts and grow market share in the New Build sector.

Despite such results, we have made significant progress in many areas of the Group. We restructured the management team to create a more concentrated focus on production and gross margins, the sales pipeline and the visibility of the forward Order Book, as well as strengthening key industry partnerships. Our continued investment in improved technology is enhancing our sales prospecting and allowing us to engage with clients much earlier than we have done in the past.

I am pleased to report that during Q4 2018 and the early part of 2019 we have seen a return to more normal market conditions and a strengthening of demand. This, coupled with the internal improvements we have made, has resulted in significant improvements to our Order Book of €38.8m (as at 31 March 2019), €28.5m ahead of the same point in the prior year (€10.3m as at 31 March 2018).

OVERVIEW

The Group achieved revenues of €45.0m in the year ended 31 December 2018 (FY17: €62.6m), a reduction of 28%, with an operating loss of €4.3m (FY17: profit €1.4m), an adjusted EBITDA loss of €0.9m (FY17: €7.2m) and a net loss of €3.2m (FY17: €0.4m). Our gross margins suffered as a result of the reduced production volume with our average gross margin for 2018 at 17.9%, down from 27.1% in FY17. We ended the year with cash of €5.1m (FY17: €6.2m) and a net debt position of €6.6m on par with the previous year (FY17: €6.7m).

The deterioration of our Refit revenues reflect the wider softness of the Refit market during 2018, with market intelligence[1] suggesting a c.30% reduction in the Refit paint activity based on paintable surface areas between 2016 and 2018, with 2018 down 7.5% in comparison with 2017. This temporary market downturn can be attributed to several factors:

- Disruption to the cruising patterns and consequent maintenance planning cycle caused by the major hurricanes during the Autumn of 2017 which had a significant impact on the winter 2017/18 Refit season. This major market turbulence affected our H1 2018 performance with the postponement of several major Refit projects. I am pleased to report that after the 2018 summer cruising season we started to see a return to more typical market activity which has resulted in a market stabilisation for the winter 2018/19 Refit period.

- A significant downturn in the major Refit yards in the South of France during H1 2018 caused by uncertainty regarding tax regulations for yacht owners and crew. Fortunately, the French tax authorities revised their fiscal strategy in September 2018 exempting yachts and their crew from the potentially onerous social security tax obligations that had previously threatened all superyachts whilst in French Refit yards. Accordingly, we saw a resurgence of activity in Q3 2018 leading to a return to normal levels of activity in Q4 2018.

- MB92 in Barcelona, one of the leading superyacht Refit centres in the world and one of GYG's main Refit locations, underperformed significantly during 2018. In addition to the geo-political unrest in Catalunya, the main reason for this underperformance was due to the disruption in the shipyard while it was undergoing a major upgrade to its facilities. The construction work continued throughout 2018, restricting operational capacity and disrupting services. Despite this, such a major investment by the yard will increase its lifting capacity by approximately 40%, strengthening MB92's market share and facilitating long-term growth. Going forward we expect GYG to benefit from these improvements and deliver organic growth in this region.

- Construction delays to the ship-lift infrastructure that is being installed were experienced at the major new Refit facility in Savannah, Georgia. GYG is the Refit paint partner for the Savannah Yacht Center and this was an area from which we envisioned significant growth in 2018. Due to the delays in commissioning the new infrastructure, we were restricted in the projects we could undertake in Savannah yet once this facility becomes fully operational in H2 2019, we anticipate further organic growth in our USA paint business.

In summary, the unexpected softness of the 2018 Refit market caused by these and other mainly non-recurring factors undoubtedly contributed to our disappointing results. Since Q4 2018 demand in the Refit sector has strengthened and we have seen a return to normal levels of activity.

We entered 2019 with a record Order Book of €38.8m (as at 31 March 2019), €28.5m ahead of the same point in the prior year (€10.3m as at 31 March 2018). This robust Order Book position is underpinned with solid New Build revenues spread throughout the year which will help to mitigate the normal cyclicality of the Refit market. Furthermore, we are now gaining significant traction with our strategic initiative to grow our share in the Northern European New Build sector with several major contract negotiations closed in Q1 2019 which further strengthen and extend the visibility of our Order Book for 2020 and beyond.

STRATEGY

Growing market share in New Build was one of the major strategic marketing programmes implemented during 2018. Having completed a detailed analysis of the principal territorial markets to assess the value, growth potential and competitive forces of each, we have now narrowed our primary focus to Holland and Germany. The shipbuilders in these two countries represent the premium segment of the large superyacht New Build market and we believe they are the best fit for GYG's capacity, high quality and technically advanced fairing and painting services. In Holland and Germany, we are targeting specific yards which have regard for quality brands, strong consistent order books, and are interested in entering strategic sub-contractor arrangements. Our aim is to become a preferred long-term service partner of a limited number of premium shipbuilders wherein we can add value by improving speed, quality and efficiency. Having long-term agreements, and a visible forward Order Book, will enable the Group to improve utilisation and gross margins, grow revenues and market share, whilst reducing the effects of the cyclicality of the Refit market. We will continue to seek and intercept opportunities in our secondary New Build markets in Italy, Spain, Turkey and the USA as well as continuing to exploit our direct relationships with superyacht owners.

Our plans for driving organic growth in the Refit market are focused on three channels: fleet management companies, partnerships with major Refit yards and our intelligence-driven direct marketing to yacht captains and managers. In order to streamline our sales and marketing activities, we are in the process of simplifying our brand strategy to focus resources on the market leading Pinmar brand by scaling back investment in the Rolling Stock and ACA Marine brands. This will reduce any dilution of our global marketing activities and ensure a consistent sales proposition to our customers and industry partners.

In 2018, we signed a new and expanded commercial agreement with MB92 Group, following their acquisition of the Compositeworks Refit Company together with the leasehold on a large dry-dock facility, both located in La Ciotat, France, where GYG have opened a third major operational hub in this key Mediterranean Refit location. This, along with new commercial agreements with the expanded

Rybovich and Savannah Refit facilities in the USA, will facilitate growth in Refit. With our re-structured sales and commercial teams, we have implemented new account management and quoting procedures to better support the fleet management companies. With the continued development of our CRM system we have significantly enhanced the sales process and direct marketing. All of these activities are contributing to a fully revised sales pipeline.

DIVISIONAL REVIEW

GYG's activities are segmented between its Coating division and its Supply division. For the year ended 31 December 2018, the Coating division achieved revenues of €35.5m (FY17: €53.7m) and an adjusted EBITDA loss of €1.5m (FY17: €6.2m). The Supply division delivered revenues of €9.5m (FY17: €8.9m) and an adjusted EBITDA of €545k (FY17: €972k).

Coating Division

The Coating division comprises the fairing and painting services offered to the superyacht New Build and Refit sectors as well as the specialist engineering services involved with the scaffolding, containment and removal and repair of yacht hardware and fittings during a Refit project. Pinmar is the global market leading brand in the superyacht paint sector: Rolling Stock is a European brand that is focused on the sailing yacht niche, and ACA Marine is a regional brand based in France. Technocraft is the scaffolding, containment and fittings brand that operates throughout Europe.

New Build

During 2018, the Group completed the work on a 93m New Build project in Holland, a 116m explorer vessel in Germany, the top-coating of a 74m yacht in Turkey and was approaching completion on a complicated conversion project of a 110m explorer vessel in Florida. The Dutch superyacht was the latest in a series of yachts that Pinmar has completed for a leading shipbuilder with whom the brand has a preferred supplier relationship. The German project was a second vessel completed for a repeat customer. The USA project commenced in 2016 and has been the subject of a number of delays due to changes in scope.

During the year, the Group announced two substantial New Build contracts in Germany and Holland, alongside the previously announced REV 182 project. The three confirmed orders are:

- a c.140m superyacht for an existing client owner which is to be built in Germany and with painting to be commenced in Q2 2019
- a c.94m superyacht to be built in Holland by an existing shipyard partner starting Q4 2018
- REV 182, the world's largest research and expedition vessel, which will be constructed in Norway and finished in a German yard in 2020/21. This project was sourced through an existing industry relationship

Unfortunately, due to unexpected delays in receiving confirmation on additional New Build contracts in our sales pipeline, no new projects were started during 2018 which would normally have offset the cyclical downturn of the Refit market during the summer cruising period. Whereas we would normally expect our New Build activities to contribute an important portion of the Coating's division revenues and gross margin, this segment under-performed during 2018. However, as highlighted earlier, our new strategic approach towards selected New Build yards in both Holland and Germany has been well received, and I am confident that we will be announcing further long-term supplier agreements and multiple major contracts during the course of 2019 which will provide both strong growth and long-term visibility of our New Build Order Book through 2020-2022. Furthermore, we have several opportunities for other New Build projects across Europe which will further strengthen our market share and drive revenue growth.

Refit

In Refit, the Group has seen part of the work previously scheduled in the second half of 2017, which was impacted by the extraordinary sequence of hurricanes, flow through into H1 2018, with the remainder falling into the second half and in some cases, into 2019. However, the expected benefit of the 2017 contracts deferrals has been offset by delays in major projects that were originally scheduled for H1 2018. The net effect of this general market softness, particularly in H1 2018, resulted in the significant revenue shortfall. With a reduction in volume especially over the summer period the Group took steps to reduce its operating costs, thereby mitigating any large impact on EBITDA.

Whilst the Group undertook more individual projects than in previous years they were, on average, significantly smaller in terms of scope, with owners choosing not to undertake major Refit projects during 2018 in order to prevent further disruption to their cruising periods. We have not, however, detected any noticeable change in the profile of the yachts, or our customer retention rate, and we believe that we have held our market share in a period of weak demand for the whole industry. I am pleased to report that we started to see a significant upturn in demand in Q4 2018 and have entered 2019 with a strong Q1 Order Book. Furthermore, our market intelligence has identified that significantly more superyachts are scheduled for mandatory 5-year Refit surveys in 2019 than 2018. Whilst painting is not included directly in the scope of the 5-year survey, owners typically like to take the opportunity to repaint whilst the vessel is out of service, and our analysis shows a 78% correlation between 5-year surveys and painting.

We have recently refreshed the branding of Technocraft, our specialist yacht scaffold, containment and fittings business. Our objectives are to reinforce its market leading profile in Spain, facilitate its regional expansion in La Ciotat, France and Northern Europe and to increase the profile of the yacht hardware solutions division. The specialist services that Technocraft provides to superyachts and Refit yards are integral to the Refit process and are often sold in conjunction with a Pinmar paint service. GYG's ability to offer a turnkey Refit package provides a unique sales point which, along with our global scale and financial security, constitute a significant competitive advantage in the market.

Supply Division

Our Supply division operates through three distinct sales channels: retail, trade and superyacht direct supply.

The first half of the year proved to be a challenging period with trading patterns being slightly lower than normal across the entire sector. As a supply company selling to both trade and superyachts directly, a lack of vessels in the territory influences the Supply division. Turnover for Supply was flat at the end of H1 2018, impacted mainly by five key trade accounts (with MB92 being the most significant) whose business has not been lost to competitors, but has suffered the same softening of demand as the market in general. The business was able to recover revenues during H2 2018 to end the year with a 7% increase over 2017.

Despite the market challenges and the closure of one of our retail outlets in Mallorca due to the demolition and redevelopment of the property, our Supply business reported progress both in retail and direct sales channels:

- The retail partner programme now has six new outlets, expanding the geographic network and increasing sales.

- Significant progress has been made in expanding the customer base for direct sales with an 8% increase over FY17 in the number of superyacht accounts. This is viewed as a major growth opportunity for the Supply division, leveraging the synergies with the Coating division who are in communication with the same yachts.

OPERATIONAL REVIEW

I am pleased to report that we have strengthened our senior management team with the appointment of Raúl Galán as Chief Operating Officer. Raúl is focused on delivering improvements to gross margin, production efficiency and cost savings across the Group. In addition to our existing initiatives to drive performance and efficiency improvements in production, we have launched projects to streamline our procurement process, re-engineer our IT systems to support our planned growth and recruitment and training initiatives to develop our workforce.

MARKET DEVELOPMENTS

The overall superyacht fleet continues to exhibit steady growth with an average compound growth rate of 3.3% over the last ten years with the result of around 155 new yachts being delivered each year. The growth in GYG's 40m+ target segment is increasing steadily at 5.4% CAGR since 2014, reflecting the trend for larger vessels. At the end of 2018 the 40m+ fleet comprised 1,986 yachts and is forecast to grow at 4.2%[1] for the period 2019-2023.

The global New Build Order Book remains strong with 423 yachts on order, of which 228 are in our target segment (40m+). The addressable paint market value of the 40m+ New Build segment over the next 5 years (2019-2023) is estimated to be in the region of c.€1.2Bn[1]. Italy is the largest producer of superyachts, however the Dutch and German yards dominate the larger (70m+) segment where GYG is at its most competitive.

The overall trends remain positive in both New Build and Refit despite the short-term fluctuation in the 2018 Refit activity. Industry forecasts[1] predict strong growth in the Refit market particularly in 2020 and 2021 driven by the 5-year Refit cycles and the growing fleet.

There is considerable investment being made in expanding and upgrading Refit shipyard facilities both in Europe and the USA to accommodate the increasing fleet and size of superyachts. GYG is well positioned, with long-term supplier agreements in place with the major yards.

OUTLOOK

After a difficult year, I believe the business is well placed to deliver an improved financial performance in 2019. The Group is making significant progress on its strategy to grow market share in the Northern European New Build sector and, with this strategic focus, the Directors believe that 2019 will be a breakthrough year resulting in the establishment of several new long-term supplier relationships with leading yards, providing visible and consistent revenue growth. I am excited by the opportunities presented by the Group's expansion in La Ciotat, spearheaded by the Pinmar brand and supported by Technocraft and Pinmar Supply. This, together with the renewed partnership with the MB92 Group, should facilitate growth in European Refit. As the new facilities come on stream in Savannah, and with our new expanded hub at Rybovich in West Palm Beach, I expect to see further penetration in the USA Refit market.

I am pleased with the start we have made so far in 2019, with a record number of Refit projects in production, and a significantly stronger forward Order Book including several New Build contracts that extend through to 2021. I am confident that our re-structured management team are fully focused on the key challenges and are highly motivated to achieve the Group's performance objectives and to deliver value to our shareholders.

Remy Millott

Chief Executive Officer

4 April 2019

1 Source: Superyacht Intelligence March 2019

FINANCIAL REVIEW FOR THE YEAR ENDED 31 DECEMBER 2018

Financial performance

Year ended 31 December 2018	Coating €000	Supply €000	Total reportable segments €000
Revenue	35,458	9,506	44,964
Adjusted EBITDA	(1,460)	545	(915)

Year ended 31 December 2017	Coating €000	Supply €000	Total reportable segments €000
Revenue	53,713	8,925	62,638
Adjusted EBITDA	6,219	972	7,191

Revenue in the year ended 31 December 2018 decreased 28% to €45.0m (FY17: €62.6m), with 34% turnover decrease in the Coating Division, reflecting the continued turbulence in the Refit market and the lower New Build revenue than expected, partially compensated by the continued good performance of the Supply Division with a 7% growth in FY18.

Owners of superyachts typically undertake an annual haul out and general maintenance in the off season to keep the vessels in optimum condition and to ensure availability during the peak sailing months. This has historically introduced a level of seasonality to the Company's revenue driven by an H2 weighting to the key Refit revenues. During FY18, considering the lower than expected New Build activity in summer, this seasonality was even further accentuated.

Despite the €9.5m decrease in operating costs (not including exceptional items, impairment, performance share plan costs, depreciation and amortisation), operating costs could not be entirely adjusted in line with the decrease in turnover, predominantly explained by the seasonality experienced during summer and the lower level of activity, resulting in:

a) an operating loss of €4.3m in the year (FY17: profit of €1.4m);
b) an adjusted negative EBITDA margin of (2.0%) in the year (FY17: 11.5%) and
c) a net loss, excluding exceptional items, impairment and performance share plan costs, for the year ended of €1.7m (FY17: net profit of €3.6m).

The exceptional items of €0.9m in the year mainly related to restructuring costs needed as a consequence of the decreased level of activity and as part of a cost saving plan which included redundancies and other costs associated for reorganization and restructuring of some departments. Transaction expenses for the year ended 31 December 2017 included professional fees and other related fees arising in connection with the IPO and the acquisition of ACA Marine, the coating business located in the South of France.

Financial expenses of €0.7m in the year (FY17: €0.9m) mainly related to interest on the syndicated loan signed in March 2016, finance lease and foreign exchange rate.

Earnings per share and dividends

Net loss for the year was €3.2m (2017: loss of €0.4m). Loss per share was €0.06 (FY17: loss of €0.01 per share) and adjusted basic loss per share was €0.03 (FY17: earning per share €0.14).

Basic earnings/(losses) per share are calculated by dividing net profit/(loss) for the year attributable to the Group (i.e. after tax and non-controlling interests) by the weighted average number of shares outstanding during that year.

Diluted earnings/(losses) per share have been calculated on a similar basis taking into account dilutive potential shares.

Adjusted basic earnings per share are presented to eliminate the effect of the exceptional items, amortisation and impairment of intangible assets and performance share plan costs (considering the tax effect of these adjustments).

	Year ended 31 December 2018	Year ended 31 December 2017
(Losses) for the period attributable to shareholders (€000)	(3,016)	(349)
Weighted average number of shares	46,640,000	30,091,248
Basic (losses) per share (€)	(0.06)	(0.01)
Adjusted basic (losses)/earnings per share (€)	(0.03)	0.14
Dilutive weighted average number of shares	47,364,350	30,460,009
Diluted (losses) per share (€)	(0.06)	(0.01)
Adjusted diluted (losses)/earnings per share (€)	(0.03)	0.13

The Board believed it was in the best interest of the Company not to pay a dividend in relation to FY18, however it is the Board's intention to return to the dividend list at the earliest appropriate opportunity.

Financial position

Cash and cash equivalents totalled €5.1m at 31 December 2018 compared to €6.2m as at 31 December 2017. The decrease year on year, partially compensated by the management of working capital, corresponds mainly to the lower EBITDA and the repayment of banking debt, finance leases and June dividends related to FY17. Giving as a result, net debt of €6.6m as at 31 December 2018, compared to €6.7m as at 31 December 2017.

Total net assets on the balance sheet were €12.5m as at 31 December 2018, compared to €17.4m as at 31 December 2017 reflecting the lower activity in the year.

Cash flow

Net cash from operating activities was €2.8m for the year (FY17: generated €0.4m). Net cash used in investing activities was €0.8m as at 31 December 2018 (FY17: €2.2m used mainly corresponding to the ACA Marine acquisition in March 2017 and scaffolding equipment) and net cash used by financing activities was €3.1m mainly corresponding to the dividends paid in June and repayment of the existing borrowings and finance leases (FY17: €1.7m generated).

Overall net cash outflow for the year was €1.2m (FY17: net cash inflow was €0.0m).

Consolidated statement of comprehensive income
For the year ended 31 December 2018

	Note	Year ended 31 December 2018 € 000	Year ended 31 December 2017 € 000
Continuing operations			
Revenue	3	44,964	62,638
Operating costs		(49,233)	(61,235)
Adjusted EBITDA		(915)	7,191
Depreciation and amortisation		(1,886)	(1,822)
Impairment	7	(480)	-
Performance share plan		(108)	(67)
Exceptional items	4	(880)	(3,899)
Operating (loss) / profit		**(4,269)**	**1,403**
Gain on financial instruments	11	417	-
Finance costs – net		(737)	(879)
(Loss)/profit before tax		**(4,589)**	**524**
Tax	5	1,392	(908)
(Loss) for the period		**(3,197)**	**(384)**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		31	(96)
Total comprehensive loss for the period		**(3,166)**	**(480)**
Loss for the period attributable to:			
Owners of the Company		(3,016)	(349)
Non-controlling interest		(181)	(35)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(2,985)	(445)
Non-controlling interest		(181)	(35)
Loss per share (€)	**6**		
From continuing operations			
Basic		(0.06)	(0.01)
Diluted		(0.06)	(0.01)

Consolidated statement of financial position
As at 31 December 2018

ASSETS	Note	2018 € 000	2017 € 000
Non-current assets			
Goodwill	7	9,333	9,292
Other intangible assets		11,313	12,720
Property, plant and equipment		8,178	8,352
Other financial assets		1,605	1,621
Deferred tax assets		261	601
Total non-current assets		**30,690**	**32,586**
Current assets			
Inventories		2,546	3,067
Trade and other receivables		6,908	10,848
Cash and cash equivalents		5,069	6,236
Total current assets		**14,523**	**20,151**
Total assets		**45,213**	**52,737**

Consolidated statement of financial position (continued)

LIABILITIES	Note	2018 € ´000	2017 € ´000
Current liabilities			
Trade, deferred income and other payables		(16,763)	(16,393)
Obligations under finance leases	8	(816)	(890)
Borrowings	8	(3,185)	(2,388)
Provisions		(349)	(304)
Derivative financial instruments		(37)	(16)
Total current liabilities		**(21,150)**	**(19,991)**
Net current (liabilities) / assets		**(6,627)**	**160**
Non-current liabilities			
Obligations under finance leases	8	(1,139)	(1,745)
Borrowings	8	(6,488)	(7,893)
Deferred tax liabilities		(2,218)	(3,952)
Long-term provisions		(819)	(819)
Other financial liabilities		(547)	(964)
Other liabilities		(343)	-
Total non-current liabilities		**(11,554)**	**(15,373)**
Total liabilities		**(32,704)**	**(35,364)**
Net assets		**12,509**	**17,373**
EQUITY			
Share capital		106	106
Share premium		7,035	7,035
Retained earnings		5,894	10,716
Translation reserve		(37)	(68)
Capital redemption reserve		114	114
Share based payment reserve		267	159
Equity attributable to owners of the Company		**13,379**	**18,062**
Non-controlling interest		**93**	**274**
Put option reserve		**(963)**	**(963)**
Total equity	**9**	**12,509**	**17,373**

Consolidated statement of changes in equity
For the year ended 31 December 2018

	Share capital € 000	*Share premium € 000*	*Retained earnings € 000*	*Translation reserves € 000*	*Capital redemption reserve € 000*	*Share based payment reserve € 000*	*Total € 000*	*Non-controlling interests € 000*	*Put option reserve € 000*	*TOTAL EQUITY € 000*
Balance at 1 January 2017	**122**	**12,046**	**(926)**	**28**	**-**	**-**	**11,270**	**-**	**-**	**11,270**
Issue of share capital	98	7,901	(79)	-	-	-	7,920	-	-	7,920
Costs related to issue of share capital	-	(842)	-	-	-	-	(842)	-	-	(842)
Reduction of share premium	-	(12,070)	12,070	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	309	(963)	(654)
Share buy back	(114)	-	-	-	114	-	-	-	-	-
Credit to equity for share based payments	-	-	-	-	-	159	159	-	-	159
Total comprehensive loss for the period	-	-	(349)	(96)	-	-	(445)	(35)	-	(480)
Balance at 31 December 2017	**106**	**7,035**	**10,716**	**(68)**	**114**	**159**	**18,062**	**274**	**(963)**	**17,373**
Effect of change in accounting policy	-	-	(98)	-	-	-	(98)	-	-	(98)
Adjusted opening balance	**106**	**7,035**	**10,618**	**(68)**	**114**	**159**	**17,964**	**274**	**(963)**	**17,275**
Dividend distribution	-	-	(1,708)	-	-	-	(1,708)	-	-	(1,708)
Credit to equity for share based payments	-	-	-	-	-	108	108	-	-	108
Total comprehensive loss for the period	-	-	(3,016)	31	-	-	(2,985)	(181)	-	(3,166)
Balance at 31 December 2018	**106**	**7,035**	**5,894**	**(37)**	**114**	**267**	**13,379**	**93**	**(963)**	**12,509**

Consolidated cash flow statement
For the year ended 31 December 2018

	Note	2018 € 000	2017 € 000
CASH FLOWS FROM OPERATING ACTIVITIES (I)	10	**2,798**	**428**
- Purchase of intangible assets		(47)	(48)
- Purchase of property, plant and equipment		(769)	(1,144)
- Proceeds from disposal of property, plant and equipment		7	5
- Acquisition of subsidiary		-	(1,053)
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES (II)		**(809)**	**(2,240)**
- Proceeds from obligations under finance leases		191	-
- Proceeds from bank borrowings		1,118	500
- Payment of costs incurred to issue shares		-	(842)
- Proceeds on issue of shares		-	7,920
- Repayment of obligations under finance leases		(871)	-
- Repayment of borrowings		(1,836)	(5,889)
- Dividends paid to shareholders		(1,708)	-
CASH FLOWS USED IN/(FROM) FINANCING ACTIVITIES (III)		**(3,106)**	**1,689**
Effect of foreign exchange rate changes (IV)		**(50)**	**152**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**(1,167)**	**29**
Cash and cash equivalents at the beginning of the period		6,236	6,207
Cash and cash equivalents at the end of the period		5,069	6,236

SELECTED NOTES TO THE FINANCIAL INFORMATION

1. General information

GYG plc was incorporated on 11 February 2016, as a private company limited by shares, as Dunwilco 2016 Limited under the United Kingdom Companies Act 2006. Subsequently, on 21 May 2016, the Company's corporate name was changed to Global Yachting Group Limited, and on 25 May 2017 it was changed to GYG Limited. On 22 June 2017 the Company re-registered as a public limited company and on 5 July 2017 the Company completed an Initial Public Offering ("IPO") and its share capital was admitted to the AIM Market of London Stock Exchange plc (see note 9). The address of the registered office is Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom.

The principal activity of the Group is superyacht painting, supply and maintenance, offering services globally through operations in the Mediterranean, Northern Europe and the United States.

These consolidated financial statements are presented in Euro which is the currency of the primary economic environment in which the Group operates.

2. Significant accounting policies

2.1. Basis of preparation

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2018, but is derived from those accounts. Statutory accounts for the year ended 31 December 2017 have been delivered to the Registrar of Companies and those for the year ended 31 December 2018 will be delivered following the Company's 2019 annual general meeting. The auditors have reported on those accounts: their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) of the Companies Act 2006.

While the financial information included in this results announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full financial statements that comply with IFRSs in May 2019.

2.2. Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, taking also into account the following relevant information, which mitigate the net current liability at year end:

- Group forecasts and projections, considering the Order Book as at 31 March 2019 of €38.8m for 2019.
- Bank facilities totalling €15.3m, of which €5.7 were drawn and €9.6m were undrawn (see note 8).
- Net current liabilities include deferred income of €5.1m, corresponding to advance from customers related to on-going and future projects.

The current syndicated loan agreement was initially signed in March 2016, prior to the Company re-registering from a private to a public limited company in June 2017. Management has, therefore, also initiated discussions regarding a refinancing process to adapt the current financial structure to a listed Group. At 31 December 2017, the Group achieved the financial covenants required by the syndicated loan. For the year ended 31 December 2018, and considering the underperformance in FY18, a waiver was signed with the financial institutions for the leverage covenant and the debt service coverage ratio for December 2018 and the leverage covenant for June 2019.

Further, the Directors have reviewed the Group's cash flow and income forecasts, including a sensitivity analysis and undertaken a review of forecast compliance with loan covenants. The Directors will continue to update their forecasts and take appropriate steps to manage covenant compliance going forward. The Directors are satisfied that these terms will be met for a period of no less than 12 months from the approval date of these financial statements.

In assessing the Group's ability to continue as a going concern, the Board has also considered the impact of all potential risks, including the analysis of the Brexit and, accordingly they have adopted the going concern basis in preparing these financial statements.

3. Business segments

The Groups reportable segments are determined by the internal reporting regularly provided to the Group's Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Board of Directors has determined that, based on the Group's management and internal reporting structure, the Group has two reportable segments, Coatings – the provision of painting and other finishing services to yachts and superyachts and Supply – the distribution of yachting supplies to trade and other customers.

3.1. Segment revenues and results

Segment information about the above businesses is presented below for the period ended 31 December 2018 and 31 December 2017:

Year ended 31 December 2018

	Coating	**Supply**	**Total reportable segments**
	€000	***€000***	***€000***
Revenue	35,458	9,506	44,964
Gross profit	5,990	2,050	8,040
Adjusted EBITDA	(1,460)	545	(915)
Depreciation and amortisation			(1,886)
Impairment			(480)
Performance share plan			(108)
Exceptional ítems			(880)
Operating Loss			**(4,269)**
Gain on financial instruments			417
Finance costs			(737)
Loss before tax			**(4,589)**

Year ended 31 December 2017

	Coating	Supply	Total reportable segments
	€000	***€000***	***€000***
Revenue	53,713	8,925	62,638
Gross profit	15,022	1,970	16,992
Adjusted EBITDA	6,219	972	7,191
Depreciation and amortisation			(1,822)
Performance share plan			(67)
Exceptional items			(3,899)
Operating Profit			**1,403**
Finance costs			(879)
Profit before tax			**524**

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Revenues from external customers attributed to the Group's country of domicile and attributed to foreign countries from which the Group derives revenue is presented below.

	Year ended 31 December 2018	Year ended 31 December 2017
	€000	***€000***
Spain	27,187	34,025
United Kingdom	1,422	350
Rest of Europe	8,225	21,376
Rest of the World	8,130	6,887
	44,964	62,638

At 31 December 2018 the Group has non-current assets allocated to Europe and "Rest of the World" for an amount of €28,647 thousand and €2,043 thousand, respectively (€30,609 thousand and €1,977 thousand, respectively, at 31 December 2017).

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4. Exceptional Items

The following table provides a breakdown of exceptional items:

	Year ended 31 December 2018	Year ended 31 December 2017
	€000	***€000***
Transaction fees	(127)	(3,899)
Restructuring costs	(753)	-
	(880)	(3,899)

Restructuring costs for the year ended 31 December 2018 were part of a group-wide cost saving plan which includes redundancies and other costs associated for reorganisation and restructuring of some departments.

Transaction fees for the year ended 31 December 2018 are mainly related to professional fees and for the year ended 31 December 2017 were in connection with the IPO and acquisition of ACA, SAS (note 11).

The tax effect of the above exceptional costs amounts to €183k for the year ended 31 December 2018 (€202k for the year ended 31 December 2017).

5. Tax recognised in profit or loss

	Year ended 31 December 2018	**Year ended 31 December 2017**
	€000	***€000***
Corporation Tax		
Current year	(74)	(1,120)
Prior years	75	(31)
	1	(1,151)
Deferred tax		
Timing differences	428	265
Tax losses	963	(22)
	1,391	243
	1,392	(908)

Spanish Corporation tax is calculated at 25% of the estimated taxable profit for the year.
Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The income tax expense for the year can be reconciled to the accounting (loss)/ profit as follows :

	Year ended 31 December 2018	**Year ended 31 December 2017**
	€000	***€000***
(Loss)/profit before tax from continuing operations	**(4,589)**	**524**
Tax at the Spanish corporation tax rate (25%)	1,147	(131)
Overseas tax differences	52	12
Tax effect of incomes / (expenses) that are not considered in determining tax profit	39	(693)
Other differences	122	(118)
Utilisation of previously unrec ognised losses	32	22
	1,392	(908)

6. Earnings/(loss) per share - basic and diluted

From continuing operations

Basic losses per share are calculated by dividing net loss for the year attributable to the Group (i.e. after tax and non-controlling interests) by the weighted average number of shares outstanding during that year.

Diluted losses per share have been calculated on a similar basis taking into account dilutive potential shares under the agreements disclosed in note 24 of the consolidated financial statements.

Adjusted basic earnings per share are presented to eliminate the effect of the exceptional items, amortisation and impairment of intangible assets, gains on financial instruments and performance share plan costs (considering the tax effect of these adjustments).

	Year ended 31 December 2018	Year ended 31 December 2017
Losses for the period attributable to shareholders (€000)	(3,016)	(349)
Weighted average number of shares	46,640,000	30,091,248
Basic losses per share (€)	(0.06)	(0.01)
Adjusted basic losses / earnings per share (€)	(0.03)	0.14
Dilutive weighted average number of shares	47,364,350	30,460,009
Diluted losses per share (€)	(0.06)	(0.01)
Adjusted diluted (losses)/earnings per share (€)	(0.03)	0.13

7. Goodwill

	Goodwill
	€000
Cost	
At 1 January 2017	8,704
Acquired on business combination (note 11)	710
Exchange differences	(122)
At 31 December 2017	9,292
Exchange differences	41
At 31 December 2018	9,333
Carrying amount	
At 31 December 2018	9,333
At 31 December 2017	9,292
At 1 January 2017	8,704

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) or group of units that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	31 December 2018	31 December 2017
	€000	*€000*
Coating	8,485	8,444
Supply	848	848
	9,333	9,292

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Determining the recoverable amount of goodwill requires the use of estimates by management.

The recoverable amount is the higher of the fair value minus the costs of selling and its value in use. The Group uses cash-flow discounting methods to determine such amounts.

The discounted cash-flows are calculated based on 3-year projections of the budgets approved by the management. These cash-flows consider past experience and represent the best estimate of management on future market developments and Group performance.

The key assumptions for determining the value in use include the weighted average cost of capital (pre-tax), which has been estimated at 16.25% for the goodwill registered for each of the Coating and Supply segments (and at 17,25% for ACA Marine, SAS) and a long-term growth rate of 3.0% per cent. These estimates, including the methodology used, may have a significant impact on the registered values and impairment losses. Management has concluded that the estimated growth rate used does not exceed the average long-term growth rate for the relevant markets where the group operates (Europe and USA).

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated.

The Directors believe that any reasonably possible change in the key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs. However, if there were zero revenue growth from the year ended 31 December 2018 over the forecasting period, then there would be no headroom over the carrying amount of those CGUs. The Directors' do not believe that this is a reasonably possible outcome based on the size of the order book.

According to the impairment test carried out at year-end, there are no impairment losses on the registered goodwill.

8. Borrowings

	31 December 2018	**31 December 2017**
	€000	***€000***
Syndicated loan	8,626	10,478
Capitalised costs – net	(571)	(697)
Revolving credit facility	1,027	500
Finance lease liabilities	1,955	2,635
Other financial liabilities	591	-
Total borrowings	11,628	12,916
Amount due for settlement within 12 months	4,001	3,278
Amount due for settlement after 12 months	7,627	9,638

8.1 Summary of the borrowing arrangements

Syndicated loan –

On 3 March 2016, the Group subsidiary, Hemisphere Coating Services, S.L., signed a syndicated loan agreement with three financial institutions, expiring in March 2021.

This syndicated loan is guaranteed by certain of the Group subsidiaries and consists of two different facilities:

- Facility A: loan for a total amount of €9,180 thousand with biannual maturities of €918 thousand until expiration in March 2021 since the beginning of the contract.

- Facility B: loan for a total amount of €4,000 thousand maturing at the end of the contract on March 2021.

Both facilities bear interest at EURIBOR +2.5%.

The loan requires compliance with certain financial covenants. At 31 December 2017 the Group achieved the financial covenants required by the syndicated loan. For the year ended at 31 December 2018 and considering the underperformance a waiver was signed with the financial institutions.

Additional permitted bank facilities have been signed in June 2018 to reinforce the working capital of the Group, the main increased facilities being:

- Increase of revolving credit facilities from €500 thousand to €2,000 thousand.
- Increase of factoring and discounting facilities from €1,000 thousand to €3,000 thousand.

Additionally, the Group also has at its disposal:

- Factoring facilities with non-recourse up to €5.9 million.
- Bank guarantees up to €9 million, of which €2.3 million were drawn as of 31 December, 2018.

As a result of the above agreements, at year end the Group has bank facilities totalling €15.3 million of which €5.7 were drawn and €9.6m were undrawn.

8.2. Obligations under finance leases

As of 31 December 2018, the Group has the following minimum lease payments due to lessors (including, where applicable, the purchase options) in accordance with current contracts in place, without taking into account the impact of common expenses, future CPI increases, nor future contractual rents updates:

	Present value of minimum lease payments	**Present value of minimum lease payments**
	As at 31 December 2018	**As at 31 December 2017**
	€000	**€000**
Amounts payable under finance leases:		
Within one year	816	890
In the second to fifth years inclusive	1,139	1,745
	1,955	2,635

The financial lease contracts are formalised in euros and have fixed interest rates in accordance with the financial market.

9. Equity

At 1 January 2017 the Company's share capital amounted to €122 thousand, represented by 12,167,499 shares with a par value of one cent of euro each all issued and fully paid. At 1 January 2017, 1,000 shares were not allotted.

On 12 May 2017 the Shareholders approved a special resolution to cancel the share premium account which was subsequently confirmed by the High Court of Justice on 15 May 2017. As a result, €12,070 thousand was transferred from the share premium account to retained earnings.

On 21 June 2017 in order to list the Company's share capital on AIM the Shareholders approved the following resolutions:

- The permission to the capitalisation of reserves and the allotment of bonus shares amounted to €20 thousand. The bonus issue was funded by using distributable reserves.

- The issue of 2,231 bonus shares for each ordinary share in proportion to their existing ownership using distributable reserves amounted to €62 thousand.
- The conversion of the 5 different classes of shares to a combination of ordinary shares and deferred shares, as part of this conversion no consideration was paid.
- The buy-back of deferred shares using capital contribution reserves amounted to €114 thousand.

On 5 July 2017 the Company's share capital was admitted to trading on the AIM Market of London Stock Exchange plc. The Company received €7,891,695 from the primary offering shares and 6,944,692 ordinary shares (with a par value £0.002) and a share premium £6,944,692 (equivalent euro value of €7,901 thousand) were created in GYG plc.

At 31 December 2017 and 2018 the Company's share capital amounted to €106 thousand represented by 46,640,000 ordinary shares with a par value of £0.002, issued and fully paid up.

A dividend of £1,492,480 (equivalent euro value of €1,708 thousand), corresponding to 3.2 pence per ordinary share, was paid on June 2018. This dividend was based on an annualised dividend yield of 6.4 per cent (calculated on the placing price at the time of the admnission of the Company's share capital to trading on AIM) pro rated for the period for which the Company's share capital had been admitted to trading on AIM for the year ending 31 December 2017 (approximately 6 months).

At 31 December 2018 the Group registered a share based payment reserve amounting to €267 thousand based on the agreements disclosed in note 24 of the consolidated financial statements.

10. Notes to the cash flow statement

	Year ended 31 December 2018 € 000	Year ended 31 December 2017 € 000
(Loss)/profit for the period before tax	**(4,589)**	**524**
- Depreciation and amortisation	1,886	1,822
- Impairment	480	-
- Performance share plan	108	67
- Gain on financial instruments	(417)	-
- Warrant	-	92
- Finance income	(42)	(39)
- Finance costs	786	906
- Exchange differences	11	5
Adjustments to (loss)/profit	**2,812**	**2,853**
- Decrease/(increase) in inventories	521	(989)
- Decrease)/(increase) in trade and other receivables	4,614	(3,585)
- Increase in trade and other payables	324	3,818
- (Increase) in other assets and liabilities	-	(792)
Changes in working capital	**5,459**	**(1,548)**
- Interest paid	(616)	(1,073)
- Income tax paid	(268)	(328)
Other cash flows used in operating activities	**(884)**	**(1,401)**
CASH FLOWS FROM OPERATING ACTIVITIES	**2,798**	**428**

11. Acquisition of subsidiary/Business combination

31 December 2017

On 11 March 2017, the Group obtained control of ACA, SAS, GYG's main competitor in France, by acquiring 70 per cent of its issued share capital. ACA, SAS is a superyacht painting and finishing company operating out of the South of France and was acquired with the objective driving growth in this region.

On the purchase date the parties also signed a Put and Call Option Agreement in which the Group granted to Atko, SARL the right to require the Group to acquire and receive the amount of shares that Atko, SARL holds in ACA, SAS. This option is exercisable during a period of one month commencing on the third anniversary of the date of the put and call option agreement (being 11 March 2020). As at 31 December 2018, this option was deemed to have a negligible fair value, however a financial liability of €546 thousand (€963 thousand at 31 December, 2017) has been recognised based on the expected purchase price for the equity if the seller exercises their option.

12. Post Balance sheets events

No events have occurred after 31 December 2018 that might significantly influence the information reflected in these financial statements.