26 September 2019

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

GYG plc

("GYG", the "Company" and together with its subsidiaries, the "Group")

2019 Interim Results

A strong first half driven by project win momentum

GYG (AIM: GYG), the market leading superyacht painting, maintenance and supply company, today announces its unaudited interim results for the six months ended 30 June 2019.

Financial Highlights

- Group revenue increased 31.2% to €33.1m (HY18: €25.2m)
    - Coatings (Refit and New Build) revenue increased 37.1% to €27.3m (HY18: €19.9m)
    - Supply revenue increased 8.8% to €5.7m (HY18: €5.3m)
- Adjusted EBITDA[(1)] increased to €1.5m (HY18: loss of €0.1m)
- Operating profit increased to €0.1m (HY18: loss of €1.4m)
- Profit before tax increased to €0.1m (HY18: loss of €1.7m)
- Net debt [(2)] of €5.9m as at 30 June 2019 (HY18: €10.5m; FY18: €6.6m)
- Cash of €5.8m as at 30 June 2019 (HY18: €2.3m; FY18: €5.1m)

(1) Adjusted EBITDA is defined as operating profit before depreciation, amortisation, impairment, performance share plan costs and exceptional items. This is an alternative performance measure used by Directors to assess the operating performance of the Group.

(2) Net debt position is defined as the net cash and cash equivalent balances, less short and long-term borrowings and obligations under 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 unrecognised revenue from New Build and Refit projects. It does not include revenue already recognised during the year and it does not include any future value for revenue in the Supply division.

Operational Highlights

- Strong first half driven by positive momentum in both New Build and Refit
- Six New Build contract wins significantly improved Group's Total Order Book[(3)] to €38.6m whilst mitigating the impact of seasonality in Refit sector
- Normalisation of Refit market and Group's disciplined focus on pipeline management had positive impact on Group's contract win rate
- Steady growth continued in Supply division with an increased sales focus on securing new yacht and trade accounts

- Continued innovation and investment in new application technology, leveraging a strong relationship with all the main superyacht paint manufacturers

Order Book and Pipeline

The Order Book at 30 June 2019 was in its strongest ever position and provides more forward visibility than ever before:

Order Book at:	Total Order Book	Current Year	Current Year +1	Current Year +2
30 June 2019	€38.6m	€15.3m	€18.2m	€5.1m
30 June 2018	€29.9m	€11.2m	€13.1m	€5.6m
30 June 2017	€15.2m	€12.7m	€2.5m	€0.0m

Post period end

- Signed contracts for two New Build projects with an existing shipyard partner in Northern Europe (60+m and 70+m vessels) with work due to commence in H1 2020

Outlook

- The Group has made significant progress in developing new relationships with shipyards and establishing GYG as an alternative preferred supplier in the New Build sector
- The team is encouraged by the increasing number of enquiries for 2019-20
- While recognising the return to profitability during H1, the Board believes that operating margins can be further improved going forward
- The Board also believes that GYG is well positioned to benefit from the growth opportunities in New Build and greater shipyard capacity in Refit. It maintains a positive outlook for the future

Remy Millott, Chief Executive of GYG plc, commented:

"GYG has had a strong first half of 2019 and I am pleased that this momentum has continued into H2. Our focus on gaining market share in the New Build sector is delivering solid results as evidenced by our New Build contract wins and the significant increase in the average value of contracts we are tendering for. This, and the normalisation of conditions in the Refit market, has resulted in the Group's strongest ever forward Order Book at the half year and we look forward to the second half with confidence".

For further information, please contact:

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Forward looking statements

All statements other than statements of historical fact included in this announcement, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to shareholder returns, dividends or any statements preceded by, followed by or that include the words "targets", "estimates", "envisages", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements.

Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that could cause the actual results and performance to be materially different from future results and performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future.

These forward-looking statements speak only as of the date of this announcement. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

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, ACA Marine and Techno Craft.

GYG's operations can be divided into two segments:

- Coating:
  - Refit: repainting and finishing of superyachts, normally as part of a refit programme. Revenues also include scaffolding, containment work and the removal, repair and reinstallation of the yachts´ hardware and fittings during a paint refit;
  - New Build: fairing and painting of new vessels as part of the build process

- Supply: selling and delivery of maintenance materials, consumables, spare parts and equipment primarily to trade customers.

Superyachts require a major survey service every five years to comply with certain class, maritime laws and insurance requirements. Owners typically undertake an annual haul out and general maintenance to remain ahead of the service intervals and to keep the vessels in optimum condition. Owners often use the major servicing period as an opportunity for repainting the vessel, providing GYG with a source of repeat business.

Chief Executive's Statement

Overview

As announced on 31 July 2019, trading in the first half of 2019 was stronger than originally anticipated due to continued improvements and a disciplined focus across the Group. This, alongside a solid recovery in the Refit market, where GYG has a strong market position, and the significant contract wins in the New Build market, has contributed to a strong trading performance in H1. Trading in the Supply division has continued to deliver steady growth in line with expectations.

The Group continues its operational focus to deliver improved gross margins, a reduction in fixed costs and business process improvements.

Coating Division

New Build

Over the past 12 months, the Group has won a number of significant New Build projects resulting in a record FY19-21 Order Book. These contract wins further highlight the Group's progress against its stated strategy of expanding its market share in the New Build sector.

The six confirmed New Build contract wins signed in the period were:

- a 94 metre superyacht that started construction in Q4 2018;
- a 140 metre superyacht started in Q2 2019. There are only 11 superyachts in the world which are of this size or larger;
- a 70 metre superyacht due to start in Q4 2019;
- a 110 metre superyacht due to start in Q1 2020;
- the previously announced Letter of Intent with the owner of 'REV 182', the world's largest research and expedition vessel currently under construction is scheduled to start fairing and painting in Q2 2020; and
- a 100 metre superyacht due to start in Q3 2020.
  (Yacht lengths are approximate)

Post period end, as announced on 26 September 2019, the Group signed contracts for two New Build projects in Northern Europe. These new orders come from an existing shipyard partner. The two yachts, of 60+m and 70+m respectively, are under construction and the Group is due to start work on both in H1 2020.

Previously, the Group has relied primarily on its relationships with existing owners commissioning new yachts to win contracts in the New Build sector, however over the past year management has invested significant time developing relationships directly with the leading New Build shipyards to secure a continuity of work as an alternative preferred sub-contracted paint partner. This has resulted in the Group being asked to tender for an increased number of contracts over the 12 months ended 30 June 2019 with a significant uplift in the win rate and negotiations on further New Build projects.

Refit

The Refit market has seen a marked recovery and return to normalised trading patterns during H1, having been the division most heavily impacted by the disruptions in late 2017 and into 2018. Management believe this positive momentum will continue through the second half of 2019 and beyond.

The strong recovery in the Refit sector is evidenced by the number of contracts signed earlier in the year than previously experienced. The Group is well placed to continue to grow market share and take advantage of the many opportunities including the increased capacity that has come online with the successful commissioning of the new ship-lifts in MB92 Barcelona, further expansion in Rybovich, West Palm Beach and the new facility in Savannah Yacht Center, Georgia, USA.

Supply Division

H1 has been encouraging for the Supply division as the Group increased its list of yacht clients as well as trade clients.

The Supply division´s turnover increased 8.8% to €5.7m. This performance is encouraging and demonstrates the continued progress within this side of the business. The key improvements and developments during H1 and for the remainder of the year include:

- The focus on providing services to yachts outside the retail environment. This activity yields higher margins than trade sales and presents further opportunities to the Group
- To drive growth in the yacht supply business, we have expanded our services to our yacht clients outside of Spain. This activity keeps us in contact with the yachts while they are cruising
- Our retail partner programme is expanding into La Ciotat, France
- Increased growth and sales focus on new retain partnerships in Spain and trade business; and
- Consolidated warehousing capacity to improve efficiency, reduce costs and provide better service when shipping goods.

Brand recognition across the market is growing and will be further enhanced when the Group refreshes the Pinmar Supply brand in H1 2020 and launches a new channel-specific marketing campaign.

Operational Review

During H1 2019, the Group has implemented a number of efficiency and productivity initiatives aimed at improving gross margins and reducing fixed costs. The production management team are continuously monitoring utilisation rates to improve performance with further developments to be delivered in H2 2019. The Board expects to see the benefits of these programmes over the remainder of 2019 and into 2020.

The Group continues to innovate and invest in new application technology, leveraging its strong relationship with all the main superyacht paint manufacturers. Its complete adoption of electrostatic top-coat application which is unique in the industry is delivering significant time, quality and environmental benefits. The Group is at the forefront of testing new topcoat technology and enhanced filler application methods, further asserting the Group's position in leading the industry.

GYG continues to develop its Human Resources function with a structured in-house programme of skills development aimed at expanding the Coating division's production capacity. We have strengthened our management team through strategic recruitment, bringing a mix of industry experience and related business expertise.

We have an ongoing programme to improve our business processes, systems and infrastructure to support growth and increase the efficiency of the Group. In 2018, we implemented a new CRM system which provides data on the worldwide fleet of 5,700 superyachts and facilitates the management of the marketing and sales process. This is further enhancing our ability to forecast upcoming yacht refits and will provide our team with a more efficient approach to marketing at the appropriate time before a refit. The solid increase in our conversion rate is evidence that this is producing positive results for the Group. The CRM system is now being deployed in the Supply Division, encouraging synergies across the yacht sales channels.

Market Developments

The global superyacht fleet continues to grow with 153* new deliveries in 2018, adding 2.9% to the operational fleet and a further 472 superyachts currently either under construction or on order for delivery between 2019 and 2023. The fastest growing segment is the 70+ metre range reflecting the trend for larger superyachts with European yards continuing to dominate production capacity. GYG is gaining market share in this segment through its strengthening relationship with the Dutch and German shipyards.

**Source: Superyacht Intelligence September 2019*

People

On 31 July, the Group announced that Gloria Fernandez had decided not to return after her maternity leave. The Group's Interim CFO, Kevin McNair, who had been in place since March 2019, has since been appointed as permanent CFO. Kevin has already developed a very strong and deep understanding of GYG and has been an integral part of the team over the past six months. 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.

In June 2019, Derik Wagner joined the Group as an Executive Director in the USA operation. Derik has been involved in the superyacht industry for more than 15 years, most recently as Managing Director of MTN's Yacht Service business. He brings with him a comprehensive understanding of the industry as well as a wide network of contacts at all levels. The intention is that the current USA Managing Director, Peter Brown, will hand over his responsibilities and role to Derik in H2 2019. We expect Derik to play a key role in driving this part of the Group forward in the coming years and maximising the many opportunities we see in the USA.

As a result of this change, Peter, who has spent most of his Group career as a senior Director in Europe, can offer additional support to the COO and the growing European business.

As the Group plans for further growth, the Board is continuing to review and strengthen the management structure where required.

Dividend Policy

The Board is encouraged by the positive momentum this year and has a firm intention to reinstate the progressive dividend policy at the earliest appropriate opportunity.

Outlook

GYG has had a strong H1 2019 and this momentum has continued into H2. The Group has made significant progress in building new relationships with shipyards and establishing GYG as an alternative preferred supplier. This has resulted in the Group winning contracts in the New Build sector coupled with large Refit contracts in the pipeline. The team is encouraged by the increasing number of enquiries for 2019-20 and beyond.

While recognising the return to profitability during H1, the Board believes that operating margins can be further improved going forward. The Board also believes that GYG is well positioned to benefit from the growth opportunities in New Build and greater shipyard capacity in Refit. It maintains a positive outlook for the future.

Financial performance

As a result of the improved performance across the Group, revenue for the six-month period to 30 June 2019 increased 31.2% to €33.1m (HY18: €25.2m) with an adjusted EBITDA of €1.5m in the period (HY18: loss of €0.1m).

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 cruising months. This has historically introduced a level of seasonality to the Company's revenue with an H2 weighting to the key Refit revenues. Whilst the signing of New Build contracts will help to mitigate the historical seasonality of Refit, management expect the usual H2 weighting of the Refit sector to continue to benefit the Group in the second half.

The €6.4m increase in operating costs (not including exceptional items, performance share plan costs, depreciation and amortisation) represents an increase of 24% on H1 2018. The relatively lower increase in operating costs when compared to the growth in revenue demonstrates the improved operating efficiency of the Group and enhanced forward visibility. The increased revenues during the period, combined with the relatively lower operating costs, have generated an "Adjusted EBITDA" that was €1.6m higher than H1 2018.

The operating profit for H1 of €0.1m was as a consequence of the higher income level during the period (HY18 loss of €1.4m).

Financial expenses, mainly interest and foreign exchange costs, remained constant at €0.4m during the period (HY18: €0.4m). The Group did recognise a gain on financial instruments of €0.4m in H1 2019 in relation to the acquisition of outstanding shares in ACA Marine s.a.r.l.

The profit before tax of €0.1m (HY18: loss of €1.7m) has also increased as a result of the factors set out above.

Net profit, excluding exceptional items and performance share plan costs, was €0.3m (HY18: net loss €0.8m).

IFRS 16

We have applied the new IFRS 16 Leases accounting standard for the first time in 2019. This standard has a material impact on the financial statements as it leads to most leases being recognised on the Statement of Financial Position as a right-of-use asset and a lease liability. The impact of reporting under IFRS 16 is set out in note 2 to the Interim Consolidated Financial Statements.

The impact of IFRS 16 in H1 2019 is to increase depreciation by €0.3m and interest expense by €0.02m while reducing other administrative expenses by €0.3m.

In relation to net debt, IFRS 16 increases new lease liabilities by €1.8m as at 30 June 2019.

Auditors

In July 2019, the Group appointed PWC LLP as auditors.

Independent review report to GYG plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed GYG plc's condensed consolidated interim financial statements (the "interim financial statements") in the half-yearly report of GYG plc for the 6 month period ended 30 June 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union ***and the AIM Rules for Companies***.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated balance sheet as at 30 June 2019;
- the condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated cash flow statement for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half-yearly report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the half-yearly report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Milton Keynes
26 September 2019

Condensed consolidated statement of comprehensive income

Six months to 30 June 2019

	Note	Six months to 30 June 2019 € 000 (unaudited)	Six months to 30 June 2018 € 000 (unaudited)
Continuing operations			
Revenue	3	33,078	25,217
Operating costs		(32,993)	(26,586)
Adjusted EBITDA		1,494	(84)
Depreciation and amortisation		(1,230)	(946)
Performance share plan		(83)	(158)
Exceptional items	4	(96)	(181)
Operating profit / (loss)		**85**	**(1,369)**
Gain on financial instruments	9	379	-
Finance costs - net		(402)	(369)
Profit / (loss) before tax		**62**	**(1,738)**
Tax	5	22	563
Profit / (loss) for the period		**84**	**(1,175)**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(8)	35
Total comprehensive profit / (loss) for the period		**76**	**(1,140)**
Profit / (loss) for the period attributable to:			
Owners of the company		154	(1,124)
Non-controlling interest		(70)	(51)
Total comprehensive profit / (loss) for the period attributable to:			
Owners of the company		146	(1,089)
Non-controlling interest		(70)	(51)
Profit / (loss) per share	6		
Basic		0.003	(0.024)
Diluted		0.003	-

Condensed consolidated balance sheet

30 June 2019

ASSETS	As at 30 June 2019 € 000 (unaudited)	As at 31 December 2018 € 000 (audited)
Non-current assets		
Goodwill	9,339	9,333
Other intangible assets	10,858	11,313
Property, plant and equipment	9,652	8,178
Other financial assets	1,606	1,605
Deferred tax assets	541	261
Total non-current assets	**31,996**	**30,690**
Current assets		
Inventories	2,675	2,546
Trade and other receivables	6,049	6,908
Cash and cash equivalents	5,845	5,069
Total current assets	**14,569**	**14,523**
TOTAL ASSETS	**46,565**	**45,213**

Condensed consolidated balance sheet (continued)

LIABILITIES	Note	As at 30 June 2019 € 000 (unaudited)	As at 31 December 2018 € 000 (audited)
Current liabilities			
Trade, deferred income and other payables		(18,349)	(16,763)
Obligations under leases	8	(1,296)	(816)
Borrowings	8	(2,883)	(3,185)
Provisions		(383)	(349)
Derivative financial instruments		(29)	(37)
Total current liabilities		**(22,940)**	**(21,150)**
Net current assets		**(8,371)**	**(6,627)**
Non-current liabilities			
Obligations under leases	8	(2,078)	(1,139)
Borrowings	8	(5,523)	(6,488)
Deferred tax liabilities		(2,449)	(2,218)
Long-term provisions		(819)	(819)
Other financial liabilities	9	(2)	(547)
Other liabilities		(86)	(343)
Total non-current liabilities		**(10,957)**	**(11,554)**
Total liabilities		**(33,897)**	**(32,704)**
Net assets		**12,668**	**12,509**
EQUITY			
Share capital		106	106
Share premium		7,035	7,035
Retained earnings		5,108	5,894
Translation reserve		(45)	(37)
Capital redemption reserve		114	114
Share based payment reserve		350	267
Equity attributable to owners of the Company		**12,668**	**13,379**
Non-controlling interest		**-**	**93**
Put option reserve	**9**	**-**	**(963)**
Total equity	**10**	**12,668**	**12,509**

Condensed consolidated statement of changes in equity

Six months ended 30 June 2019

	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 2019	**106**	**7,035**	**5,894**	**(37)**	**114**	**267**	**13,379**	**93**	**(963)**	**12,509**
Acquisition of non-controlling interest (note 9)	-	-	(940)	-	-	-	(940)	(23)	963	-
Credit to equity for share based payments	-	-	-	-	-	83	83	-	-	83
Total comprehensive profit for the period	-	-	154	(8)	-	-	146	(70)	-	76
Balance at 30 June 2019 (Unaudited)	**106**	**7,035**	**5,108**	**(45)**	**114**	**350**	**12,668**	**-**	**-**	**12,668**

Condensed consolidated statement of changes in equity (continued)

	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 2018	**106**	**7,035**	**10,716**	**(68)**	**114**	**159**	**18,062**	**274**	**(963)**	**17,373**
Effect of change in accounting policy (note 2.1)	-	-	(98)	-	-	-	(98)	-	-	(98)
Adjusted opening balance	**106**	**7,035**	**10,618**	**(68)**	**114**	**159**	**17,964**	**274**	**(963)**	**17,275**
Dividend distribution (note 10)	-	-	(1,708)	-	-	-	(1,708)	-	-	(1,708)
Credit to equity for share based payments	-	-	-	-	-	158	158	-	-	158
Total comprehensive (loss) for the period	-	-	(1,124)	35	-	-	(1,089)	(51)	-	(1,140)
Balance at 30 June 2018 (Unaudited)	**106**	**7,035**	**7,786**	**(33)**	**114**	**317**	**15,325**	**223**	**(963)**	**14,585**

Condensed consolidated cash flow statement

Six months to 30 June 2019

	Note	Six months to 30 June 2019 € 000 (unaudited)	Six months to 30 June 2018 € 000 (unaudited)
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES (I)	7	2,987	(1,491)
- Purchase of intangible assets		(18)	(24)
- Purchase of property, plant and equipment		(193)	(436)
- Proceeds from disposal of property, plant and equipment		91	2
CASH FLOWS USED IN INVESTING ACTIVITIES (II)		(120)	(458)
- Proceeds from leases		-	137
- Proceeds from bank borrowings		250	1,032
- Repayments of obligations under leases		(730)	(452)
- Repayments of borrowings		(1,620)	(918)
- Dividends paid to shareholders		-	(1,708)
CASH FLOWS USED IN FINANCING ACTIVITIES (III)		(2,100)	(1,909)
Effect of foreign exchange rate changes (IV)		9	(39)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		776	(3,897)
Cash and cash equivalents at the beginning of the period		5,069	6,236
Cash and cash equivalents at the end of the period		5,845	2,339

Notes to the condensed set of financial statements

Six months ended 30 June 2019

1. General information

GYG plc (hereinafter the "Company") 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, on 25 May 2017 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 was admitted to the AIM Market of the London Stock Exchange. 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.

The condensed consolidated interim financial statements ("interim financial statements") for the six months ended 30 June 2019 are presented in Euro, which is the currency of the primary economic environment in which the Group operates.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2018, prepared under IFRS as adopted by the EU, have been delivered to the Registrar of Companies. The auditor's report on the 2018 financial statements was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

The interim financial statements were approved for issue by the Board of Directors on 25 September 2019.

2. Significant accounting policies

2.1. Basis of preparation

Except as described below, the accounting policies applied in these interim financial statements are consistent with those applied in the Group's latest annual audit financial statements, which comply with International Financial Reporting Standards as adopted by the EU and also in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority. The financial statements have been reviewed not audited.

In the current year, the Group has adopted the amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatory effective for an accounting period that begins on or after 1 January 2019, which mainly include "IFRS 16 - Leases".

IFRS 16 "Leases"

IFRS 16 is the IASB's replacement of IAS 17. Its application is effective for reporting periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Leases are 'capitalised' by recognising the present value of the lease payments and showing them as a right-of-use asset either separately or together with property, plant and equipment (criteria applied by the Group). IFRS 16 replaces the straight-line operating lease expense for those leases applying IAS 17 with a depreciation charge for the lease asset (included within operating costs) and an interest expense on the lease liability (included within finance costs). The Group has applied the standard from its mandatory adoption date of 1 January 2019, using the modified retrospective approach and measuring the asset at an amount equal to the present value of the remaining lease payments discounted using an incremental borrowing rate, adjusted by the amount of any prepaid or accrued lease payments.

The Group has applied the below practical expedients permitted under the modified retrospective approach:

- Exclude leases for measurement and recognition for leases where the term ends within 12 months from date of initial application.
- Apply a single discount rate (incremental borrowing rate) to a portfolio of leases with similar characteristics, based on current rates paid to comparable borrowings

The impact on the balance sheet as of 1 January 2019 for the adoption of IFRS 16 is summarised as follows:

	IFRS 16 adoption effect
	€000
Non-current assets: Property, plant and equipment - Right of use asset	2,126
Current liabilities: Lease liabilities	(601)
Non-current liabilities: Lease liabilities	(1,525)

The impact in the income statement as of 30 June 2019 is as follows:

	Coating	***Supply***	**Total**
Decrease in “Other operating expenses”	(239)	(62)	(301)
Increase in “Depreciation”	234	60	294
Increase in “Finance costs”	11	4	15
Loss before tax	**6**	**2**	**8**

The previous period, the Group adopted the “IFRS 15 - Revenue from contracts with customers” and “IFRS 9 - Financial instruments”.

IFRS 9 “Financial instruments”

IFRS 9 is the IASB's replacement of IAS 39 Financial Instruments “Recognition and Measurement”. This standard introduces a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. The Group has applied the simplified impairment approach for trade receivables established by the standard, and has recognised a loss allowance based on expected credit losses amounting to €98 thousand at the date of the initial application.

IFRS 15 “Revenue from contracts with customers”

IFRS 15 specifies how and when an IFRS reporter will recognise revenue. Given the characteristics of the existing contracts with customers and once the five-step analysis established in the Standard has been completed, the Group has concluded that its adoption has not had any material impact in these financial statements.

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 30 June 2019 of €38.6m.
- Bank facilities totalling €14.6 million of which €4.9 million were drawn and €9.7 million were undrawn as of 30 June 2019.
- Net current liabilities include deferred income of €5.1 million, 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. In March 2019, a waiver was signed with the financial institutions for the leverage covenant for June 2019 (covenant based on last twelve months figures and therefore impacted by the negative EBITDA reported in H2 of 2018), but achieving the other financial covenants required by the syndicated loan.

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.

2.3 Adjusted EBITDA

Adjusted Earnings before Interest, Taxation, Depreciation and Amortisation ("Adjusted EBITDA") is a non-IFRS measure used by Directors to assess the operating performance of the Group.

The "Adjusted EBITDA" is also used as a metric to determine management remuneration as well as being measured within the financial covenants calculations.

"Adjusted EBITDA" is defined as operating profit before depreciation and amortisation, impairment, performance share plan and exceptional items.

As a non-IFRS measure, the Company's calculation of "Adjusted EBITDA" may be different from the calculation used by other companies and therefore comparability may be limited.

2.4 Impairment of goodwill

The Group performs an annual impairment review for goodwill or more frequently if there are indications that these might be impaired.

Testing is carried out by allocating the carrying value of these assets to cash-generating units (CGUs) and determining the recoverable amounts of those CGUs. The recoverable amount is the higher of the fair value minus the costs of selling and its value in use. Value in use calculations are based on cash-flow discounting methods.

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 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.

2.5 Seasonality

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 cruising months. This has historically introduced a level of seasonality to the Company's revenue with an H2 weighting to the key Refit revenues. Whilst the signing of New Build contracts will help to mitigate the historical seasonality of Refit, management expect the usual H2 weighting of the Refit sector to continue to benefit the Group in the second half.

3. Segment information

The Group's 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 six month period ended 30 June 2019 and 2018:

Consolidated six months to 30 June 2019 (unaudited)	***Coating***	***Supply***	***Total reportable segments***
	€000	***€000***	***€000***
Revenue	27,338	5,740	33,078
Gross Profit	5,047	1,577	6,624
Adjusted EBITDA	604	890	1,494
Depreciation and amortisation			(1,230)
Performance share plan			(83)
Exceptional items			(96)
Operating Profit			**85**
Gain on financial instruments			379
Finance costs - net			(402)
Profit before tax			**62**

Consolidated six months to 30 June 2018 (unaudited)	***Coating***	***Supply***	***Total reportable segments***
	€000	***€000***	***€000***
Revenue	19,942	5,275	25,217
Gross Profit	3,407	1,366	4,773
Adjusted EBITDA	(709)	625	(84)
Depreciation and amortisation			(946)
Performance share plan			(158)
Exceptional items			(181)
Operating Loss			**(1,369)**
Finance costs - net			(369)
Loss before tax			**(1,738)**

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.

	Six months to 30 June 2019 (unaudited)	Six months to 30 June 2018 (unaudited)
	€000	*€000*
Spain	17,264	13,622
United Kingdom	-	1,440
Rest of Europe	10,495	5,771
Rest of World	5,319	4,384
	33,078	25,217

3.2 Information about major customers

There are no revenues from transactions with individual customers which contribute 10% or more to the Group's revenue for the period ended 30 June 2019 or 30 June 2018.

4. Exceptional Items

The following table provides a breakdown of exceptional items:

	Six months to 30 June 2019 (unaudited)	Six months to 30 June 2018 (unaudited)
	€000	*€000*
Restructuring costs	(96)	(181)
	(96)	(181)

Restructuring costs for the six months ended 30 June 2019 and 30 June 2018 are related to departure of employees and other fees as a part of an ongoing cost saving plan.

5. Income Tax

The tax impact for the period has been calculated using the effective tax rate per country in which the group operates, arising to 35% at group level for the six months ended 30 June 2019. This rate is higher than the Spanish rate and other tax rates where the Group operates, as a consequence of the effect of some tax timing differences.

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

From continuing operations

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

Adjusted basic earnings/(loss) 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).

	Six months to 30 June 2019 (unaudited)	Six months to 30 June 2018 (unaudited)
Earnings/(loss) for the period attributable to shareholders (€000)	154	(1,124)
Weighted average number of shares	46,640,000	46,640,000
Basic earnings/(loss) per share (€)	0.003	(0.024)
Adjusted basic earnings per share (€)	0.006	(0.010)
Dilutive weighted average number of shares	47,777,975	47,364,350
Diluted earnings/(loss) per share (€)	0.003	-
Adjusted diluted earnings/(loss) per share (€)	0.006	-

The number of shares disclosed within the dilutive weighted average number of shares in the prior period to 30 June 2018 has been restated, as the shares included would be antidilutive, and hence should be excluded as per the requirements of IAS 33. The change in shares has had no material impact on the diluted losses per share. The change has also had no impact on the assets, liabilities, reserves or profits and losses of the Group.

7. Notes to the cash flow statement

	Six months to 30 June 2019 € 000 (unaudited)	Six months to 30 June 2018 € 000 (unaudited)
Profit/(loss) for the period before tax	**62**	**(1,738)**
- Depreciation and amortisation	1,230	946
- Performance share plan	83	158
- Gain on financial instruments	(379)	-
- Finance income	(86)	(46)
- Finance costs	471	412
- Exchange differences	19	9
Adjustments to profit/(loss)	**1,338**	**1,479**
- (Increase)/decrease in inventories	(128)	789
- Decrease in trade and other receivables	825	3,772
- Increase/(decrease) in trade and other payables	1,535	(5,522)
Changes in working capital	**2,232**	**(961)**
- Interest (paid)	(252)	(229)
- Income tax paid	(393)	(42)
Other cash flows used in operating activities	**(645)**	**(271)**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES (I)	**2,987**	**(1,491)**

8. Borrowings and obligations under leases

	30 June 2019 €000 (unaudited)	31 December 2018 €000 (audited)
Syndicated loan	7,705	8,626
Capitalised costs – net	(466)	(571)
Revolving credit facility	1,167	1,027
Lease liabilities	3,374	1,955
Other financial liabilities	-	591
Total borrowings	11,780	11,628
Amount due for settlement within 12 months	4,179	4,001
Amount due for settlement after 12 months	7,601	7,627

Additional permitted bank credit facilities were 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.

As of 30 June 2019, the Group also has at its disposal non-recourse factoring facilities which limits amounts to €5,025 thousand, of which €1,201 were drawn, and factoring with recourse which limits amounts to €3,000 thousand, completely undrawn.

As a result of the above agreements, at year end the Group has:

- Bank credit facilities totalling €14.6 million of which €4.9 million were drawn and €9.7 million were undrawn as of 30 June 2019.
- Bank guarantees up to €13.6 million, of which €2.6 million were drawn as of 30 June 2019.

9. Acquisitions

On 30 June 2019, the Group completed the acquisition of ACA Marine, SAS, acquiring the remaining 30% of the issued share capital for an amount of €167 thousand. This agreement included the cancellation of the Put and Call Option Agreement that was in place, and therefore those balances related to the ACA Put Option registered under the captions “Put option reserve” and “Other financial liabilities” have been adjusted, generating a gain of €379 thousand.

10. Dividends

No dividend was declared or paid during the six months ended 30 June 2019. A final dividend of £1,492,480 (€1,708,000) or 3.2 pence per ordinary share was paid in June 2018 in relation to the previous financial year.

11. Related party transactions

Services provided

	30 June 2019	30 June 2018
	€000	***€000***
Global Yacht Finishing, S.L.	20	20
	20	20

Services received

	30 June 2019	30 June 2018
	€000	*€000*
Quoque Ltd.	103	-
Global Yacht Finishing, S.L.	179	177
	282	177

GYG leases offices from Global Yacht Finishing, S.L. (being Rupert Savage (Sales & Commercial Director) and Mark Conyers (Rolling Stock Director) shareholders in this entity).

Also in 2019 Quoque Ltd (company owned by a close family member of the Chief Executive Officer) has provided consultancy services to GYG.

All these transactions were undertaken at arm's length basis and on normal commercial terms and were pre-approved by the Board.

Balances

	30 June 2019	31 December 2018
	€000	*€000*
Current liabilities		
Atko, S.A.R.L.	331	194
Global Yacht Finishing, S.L.	13	170
	344	364

12. Financial instruments

Set out below are the carrying values and fair values of the Group's financial instruments:

	30 June 2019 (unaudited)	31 December 2018 (audited)
	€000	*€000*
Financial assets		
Cash and other financial assets	5,845	5,069
Loans and receivables - long term	1,606	1,605
	7,451	6,674
Financial liabilities		
Amortised cost - borrowings (note 8)	8,406	9,082
Finance lease liabilities (note 8)	3,374	1,955
Other financial liabilities (note 8)	-	591
Put option (note 9)	-	546
Derivative instruments not designated hedge accounting relationships	29	37
Other	2	1
	11,811	12,212

As of 30 June 2019 and 31 December 2018, "Loans and receivables – long term" comprise of a cash retention made by a client amounting to €673 thousand, amounts recoverable from a supplier under a warranty claim amounting to €800 thousand and the remainder relates to guarantees paid to tenants to cover responsibilities derived from the leasing contracts.

IFRS 13 requires the classification of financial instruments measured at fair value to be determined by reference to the source of inputs used to derive fair value. The fair value of the net investment in finance leases has been calculated by discounting the expected future cash flows at the market interest rate.

13. Post Balance sheets events

No events have occurred after 30 June 2019 that might significantly influence the information reflected in these consolidated financial statements.