



GRAND BANKS YACHTS LIMITED

(Company Reg. No.: 197601189E)

Quarterly update pursuant to Listing Rule 1313 (2)

With effect from 5 December 2011, Grand Banks Yachts Limited (the “Company”) was included on the Watch-List pursuant to Listing Rule 1311.

Pursuant to Listing Rule 1313 (2), the Board of Directors of the Company would like to provide an update of the Company and its subsidiaries (collectively the “Group”) for the quarter ended 31 December 2011.

1) Financial Position

Although the Group’s turnover of \$8.9 million in the current quarter was \$0.9 million more than in the comparable quarter last year, gross profit decreased by \$0.7 million to \$0.2 million over the same period due to the sale of a large company-owned yacht at a particularly attractive price to compensate for its age.

Total operating expenses of \$2.4 million for the quarter ended 31 December 2011 were comparable to the corresponding quarter a year ago. Lower selling, marketing and administrative expenses driven by cost containment measures were offset by higher legal fees. The swing of \$0.1 million in non-operating income was due to favorable exchange gains as a result of the strengthening US\$. All these factors resulted in a net loss of \$2.1 million compared to a loss of \$1.5 million a year ago.

Despite the loss for the quarter, there was a net increase of cash and cash equivalents of \$1.35 million for the quarter. The cash and cash equivalents balance was \$19.1 million as at 31 December 2011, an improvement over the cash balance of \$17.7 million as at 30 September 2011 and an increase over the cash balance of \$18.4 million as at 31 December 2010. As at 31 December 2011, the Group had no borrowings.

2) Future Direction

The reconstituted Board of Directors has commenced working with the executive management team to establish a strategic framework for the Group. The Company will announce details of the material portions of the strategic framework as they are implemented.

By Order of the Board

GRAND BANKS YACHTS LIMITED

Peter Kevin Poli
Executive Director
14 February 2012