

**GRAND BANKS YACHTS LIMITED**

(Company Reg. No.: 197601189E)

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SGX-Listed Grand Banks Posts Strongest Sales Performance In 13 Quarters As Restructuring Efforts Pay Off Amidst Recovery Of U.S. Yacht Market

- **FY2012 revenue rises 16.7% to S\$32.8 million; gross profit up 33.9% to S\$3.1 million in FY 2012 compared to FY2011**
- **First time in four years that Group has recorded third consecutive quarter of positive cash flow; With no borrowings, end-June 2012 cash balance of S\$22.6 million is S\$1.4 million higher than at end-March 2012**
- **Announces exceptional non-cash charges, asset impairment and write-downs totaling S\$6.0million in FY 2012**
- **Excluding exceptional non-cash charges, net profit of S\$0.4 million for 4Q 2012 reverses net loss of S\$1.5 million in 4Q 2011; FY2012 net loss excluding charges narrows to S\$5.2million from S\$7.7 million in FY2011**
- **Group is aggressively targeting a return to profitability in the next financial year or two**

In SGD Million (ending 30 June)	4Q'12 S\$	4Q'11 S\$	Change %	FY'12 S\$	FY'11 S\$	Change %
Revenue	11.5	6.6	74.8	32.8	28.1	16.7
Gross Profit	2.5	0.7	263.9	3.1	2.3	33.9
Net (Loss)/Profit for the Period/Year	(5.6)	(1.5)	266.7	(11.2)	(7.7)	45.0
Exceptional Non-Cash Charges	6.0	NA	NM	6.0	NA	NM
Pro Forma Net Profit/(Loss) excluding exceptional non-cash charges	0.4	(1.5)	(127.9)	(5.2)	(7.7)	(32.2)
Cash Flows from Operations	1.9	3.5	(45.4)	5.7	(6.2)	(192.0)

*NM – Not Meaningful; NA – Not Applicable

SINGAPORE, 18 August 2012 – Grand Banks Yachts Limited (“Grand Banks” or “the Company” or “the Group”) announced today that its revenue for the April-June 2012 quarter (“Q4 2012”) rose 74.8% to S\$11.5 million compared to a year earlier, its best quarterly revenue figure in 13 quarters, reflecting the success of new models as well as some recovery of the U.S. yacht market – its most important geographical segment.

The Singapore Exchange (“SGX”) Mainboard-listed manufacturer of the renowned Grand Banks brand of luxury motor yachts said the 4Q 2012 quarterly sales performance was the best since the January-March 2009 period when the industry slipped into a downturn due to the global financial crisis triggered by the U.S. sub-prime problem.

Strong sales in 4Q 2012 lifted revenue for the financial year ended 30 June 2012 (“FY 2012”) by 16.7% to S\$32.8 million from S\$28.1 million in FY2011. Gross profit for 4Q 2012 rose 263.9% to S\$2.5 million from S\$0.7 million in 4Q 2011, the highest percentage increase for any single reporting period in the last 10 years except for the October-December 2010 period.

Following the sub-prime-led global financial crisis, Grand Banks embarked on a major restructuring. Over the past four financial years it has reduced headcount by 70%, sold off its Singapore production yard and consolidated manufacturing operations in its Pasir Gudang facility in Johor, Malaysia. It also opened Company-owned stores, introduced five new models and sold a number of yachts out of inventory.

These efforts, accelerated and refined following a fresh review under a new Board of Directors re-constituted in November 2011, contributed to the 33.9% increase in gross profit to S\$3.1 million in FY 2012 from S\$2.3 million in FY 2011. Reflecting the better health of the core business, gross margin more than doubled to 21.7% in 4Q 2012 from 10.4% in 4Q 2011, and increased to 9.4% for FY 2012 compared to 8.2% for FY 2011.

The sales of completed yachts out of inventory helped the Group to generate positive cash flow from operating activities of approximately S\$1.9 million in 4Q 2012 and approximately S\$5.7 million for FY 2012. Even after investments of \$0.4 million in 4Q 2012 to develop new products, cash and cash equivalents as at 30 June 2012 rose by S\$1.4 million to S\$22.6 million compared to 31 March 2012 – the first time in four years that the Group has generated positive cash flow for three consecutive quarters.

In FY 2012 the Group recognized exceptional non-cash charges totalling S\$6.0 million (S\$nil in FY 2011), including a non-cash asset impairment of S\$2.2 million, a S\$2.6 million write-down of deferred tax assets as well as a provision for doubtful debts of S\$1.2 million (as a European dealer has faced difficulties as customers remain cautious given the Eurozone debt crisis).

The exceptional non-cash charges, which raised Other Operating Expenses sharply, led to a net loss of S\$5.6 million for 4Q 2012 compared to a net loss of S\$1.5 million for 4Q 2011. Excluding these charges, the Group recorded net profit of S\$0.4 million in 4Q 2012 which reversed the net loss of S\$1.5 million a year ago. For the whole of FY 2012, the net loss was S\$11.2 million compared to a net loss of S\$7.7 million in FY 2011. Excluding the exceptional non-cash charges, the net loss narrowed to S\$5.2 million for FY 2012 from a net loss of S\$7.7 million in FY2011.

Mr Heine Askaer-Jensen, Chairman of Grand Banks, said, “Against the backdrop of the exceptional challenges in the yacht market over the last four years, the financial results are truly encouraging. They underscore the efficacy of the clear roadmap drawn up to restore Grand Banks to profitability as soon as possible, the recovery of the U.S. yacht market as well as the dedication and hard work of the management and staff.”

“Grand Banks is well on the road to recovery, and new models are generating a lot of interest. Even though the Company has a healthy cash balance of S\$22.6 million and no debt, it has recognised exceptional non-cash charges in FY 2012 to further strengthen the balance sheet and provide a clean slate for Grand Banks to recover and pursue future growth,” he said.

The Group has sold two new designs – the 54 Heritage EU and the 50 Eastbay SX – even before the first hull of either model has been displayed, while nearly half the planned production for FY 2013 is already sold. Reflecting the improved U.S. market, the Group nearly doubled its order book to S\$13.2 million as at 30 June 2012 from S\$7.1 million a year ago, and is optimistic about securing more orders in the coming months.

Grand Banks is investing in significant upgrades to its product line-up and intends to open additional Company-owned retail stores, widen its sales network in Asia, achieve optimal levels of yacht inventory and explore potential commercial vessel ventures.

The directors said the Group may seek to raise additional capital to cover these expenditures while maintaining a strong cash position given the current global economic uncertainty. It may also forge strategic partnerships in order to better utilize its production facility in Malaysia.

The Group is aggressively targeting a return to profitability in the next financial year or two, with a view to increasing its market capitalization and ensuring the timely removal of Grand Banks Yachts Limited from the Watch List administered by the SGX.

End of Release

About Grand Banks Yachts Limited

With a renowned legacy that dates back to 1956, Singapore based Grand Banks Yachts Limited is a global brand well known for its vast experience in manufacturing and selling luxury motor yachts. The Grand Banks brand is recognized across the globe for superior quality and craftsmanship which created one of the most acclaimed and highly sought-after yachts on the market today. The Group's manufacturing facility is located in Pasir Gudang in Malaysia. Grand Banks has Company-owned stores in Seattle (USA) and Sydney (Australia) and independently owned dealers based in other parts of North America, Europe and Asia. Grand Banks was listed on the SGX in 1987 and upgraded to the Main Board in 1993.

For more information, visit: www.grandbanks.com

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