

**GRAND BANKS YACHTS LIMITED**

(Company Reg. No.: 197601189E)

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SGX-Listed Grand Banks Reverses Negative Gross Profit to S\$2.7 Million Gross Profit in 1H 2013 On Improved Efficiencies Amidst Good Response To New Boat Designs

- **2Q 2013 gross profit soared 542.7% to S\$1.6 million from S\$0.2 million in 2Q 2012 as production efficiencies improved in Malaysian facility**
- **Net order book backlog rose to S\$16.8 million as at 31 December 2012 from S\$10.9 million in 30 September 2012; a substantial majority of which is to be recognized in FY2013**
- **Cash and cash equivalents rose S\$0.4 million to S\$22.9 million as at 31 December 2012 from S\$22.6 million as at 30 June 2012, with zero borrowings**
- **The Group expects the performance in the seasonally stronger 2H 2013 to improve compared to 1H 2013; on track to returning to profitability by FY2013 or FY2014 and the timely removal from the SGX Watch-List**

In SGD Million (ending 31 December)	2Q'13 S\$	2Q'12 S\$	Change %	1H'13 S\$	1H'12 S\$	Change %
Revenue	6.7	8.9	(25.2)	13.2	13.4	(1.9)
Gross Profit/(Loss)	1.6	0.2	542.7	2.7	(0.0)	N.m
Total Operating Expenses	(2.3)	(2.4)	(0.6)	(4.8)	(4.7)	1.4
Loss from Operations	(0.8)	(2.1)	(63.8)	(2.0)	(4.7)	(57.2)
Net Loss for the Period	(0.8)	(2.1)	(63.3)	(2.2)	(4.1)	(45.4)

N.m - Percentage / Computation not meaningful

Singapore, 7 February 2013 – Grand Banks Yachts Limited (“Grand Banks” or “the Group”) announced today that its net loss for the October-December 2012 period (“2Q 2013”) narrowed by 63.3% to S\$0.8 million from S\$2.1 million a year earlier due to increased production efficiency of the Malaysian facility as gross profit soared 542.7% to S\$1.6 million from S\$0.2 million over the comparative periods.

The SGX Mainboard-listed manufacturer of the renowned Grand Banks brand of luxury motor yachts said the stronger performance in the latest quarter, despite a 25.2% decline in revenue due to the sale of a large company-owned yacht a year ago, reflected improved efficiency and a better sales mix in the absence of any clearance sales.

The performance underscored efforts to improve operational efficiency and introduce new boat designs, in line with its strategic roadmap to return to profitability following the severe disruption to the global market since the 2008 global financial crisis.

Operating expenses declined marginally in 2Q 2013 to S\$2.3 million from S\$2.4 million in 2Q 2012 due to lower depreciation charges as certain fixed assets became fully depreciated.

The Group recorded positive gross profit of S\$2.7 million ended 31 December 2012 (“1H 2013”), reversing a loss of S\$0.04 million in 1H 2012, as gross margin soared to 20.7% from a negative 0.3% a year earlier. As a result, loss from operations narrowed 57.2% to S\$2.0 million in 1H 2013 from S\$4.7 million in 1H 2012, halving the net loss to S\$2.2 million from S\$4.1 million over the comparative periods.

Total operating expenses rose marginally to S\$4.8 million from S\$4.7 million a year earlier due to higher professional fees incurred. Other non-operating expense in 1H2013 of S\$0.2 million compared to an income of S\$0.7 million in 1H 2012, due to unfavourable weakening of the US dollar against the Singapore dollar.

Loss per share, based on an issued share base of 115,339,500 in 2Q 2013, reduced to 0.67 S cents from 2.20 S cents in 2Q 2012 (96,116,250 shares).

Operating cash flow and working capital for 2Q 2013 were affected by higher inventory mainly due to the increased business activity and paid down trade payables. As a result, cash and cash equivalents decreased by S\$2.6 million in 2Q 2013 to S\$22.9 million as at 31 December 2012 from S\$25.5 million as at 30 September 2012. The Group’s cash position remains healthy with zero borrowings.

The net order backlog as at 31 December 2012 rose 43.6% or S\$5.1 million to S\$16.8 million from S\$11.7 million as at a year earlier. Accordingly, net order backlog also increased 54.1% or S\$5.9 million as compared to S\$10.9 million as at 30 September 2012 as a result of the continuous recovery in the U.S. market, improved sales in the Asia Pacific market, as well as new designs introduced since start of FY2012.

The recent developments on new boat models such as GB54 Heritage EU, GB55 Eastbay FB and GB43 Heritage EU have helped the company generate much interest and popularity at recent boat shows in U.S. and Europe. In addition, newly announced GB50 Eastbay SX and FB models are garnering retail orders from existing Grand Banks owners even before the completion of production.

Mr Heine Askaer-Jensen, Chairman of Grand Banks, said: “The results are encouraging and show the results of our strategic review. We are also seeing a continuous recovery in our

largest market – the U.S. – as well as robust Asia Pacific sales which accounted for approximately 26% of the net order backlog as at 31 December 2012. Hence, the new models introduced recently are timely, accounting for approximately 60% of the net order backlog.”

“We have also increased marketing efforts to promote the new designs prior to production, and have also enhanced the sales process through more customer involvement,” he said.

Barring unforeseen circumstances, the Group expects to recognize in FY2013 a substantial majority of the net order backlog as at 31 December 2012. However, the Company is mindful that as production levels increase, it may face challenges such as recruiting and training new workers which could affect expansion efforts.

In line with historical trends, the Group expects the performance in the seasonally stronger 2H 2013 to improve compared to 1H 2013. The Directors believe the Group is on track to return to profitability in either the current financial year or the financial year ending 30 June 2014 and to exit 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 Brisbane (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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