



## **GRAND BANKS YACHTS LIMITED**

(Company Reg. No.: 197601189E)

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### **Quarterly Update Pursuant to Listing Rule 1313 (2)**

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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 March 2013 (to be read in conjunction with Sections 8, 9 & 10 of Appendix 7.2 released on 15 May 2013 via SGXNET).

#### 1. Financial Position

During the period under review, the Group made a strategic decision to commence construction of two yachts to increase the inventory available for sale in the Group’s retail store in the U.S. Part of its cash was utilised to support the increase in business activity associated with a higher net order book. In addition, the Group recorded higher trade payables due to purchases of materials and parts required for the construction of new yachts. As a result, the ending cash balance decreased by S\$3.4 million in 3Q 2013 to S\$19.6 million as at 31 March 2013 from S\$22.9 million as at 31 December 2012. A substantial portion of the work-in-progress inventory is expected to be recognised as revenue by 30 June 2013.

#### 2. Future Direction

The Group’s successful introduction of new models along with continued recovery in the U.S. market and growth in the Asia-Pacific luxury boat market have driven the Group’s growth in revenue. The Group’s net order book – of which approximately 79% was derived from new designs introduced since the start of FY2012 – stood at S\$17.9 million as at 31 March 2013.

Asian orders accounted for approximately 39% of the net order book as at 31 March 2013 compared to 12% a year ago, reflecting increasing interest from the region. As announced in the Group’s 17 April 2013 business update, sales in Asia in FY2013 are expected to be the highest-ever since the 2008-2009 global financial crisis.

Due to the increased demand, the Group has added 75 workers at its manufacturing facility in Malaysia since July 2012, bringing the total workforce to 416.

The Company expects its financial performance in FY2013 to be significantly better than that of FY2012 as it continues to narrow its losses, in line with the Corporate and Business Update announced on 18 July 2012. While it does not expect FY2013 to be profitable, the Group is optimistic that it will continue to narrow the losses further with a view to achieving profitability in FY2014, thereby ensuring the removal of the Company from the Watch-List administered by the Singapore Exchange. The Group will be making a request for an extension of time to remove itself from the Watch-List in view of, amongst others, its expected improvement in financial performance and will keep shareholders updated of its application, as appropriate.

By Order of the Board

GRAND BANKS YACHTS LIMITED

15 May 2013