



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 Rule 1311 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Exchange").

Pursuant to 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 2013 ("2Q 2014") (to be read in conjunction with Sections 8, 9 & 10 of Appendix 7.2 released on 25 January 2014 via SGXNET).

In response to an application by the Company, the Exchange replied that it will take into account the Company's financial performance for the two full financial years after its entry into the Watch-List, namely the financial year ended 30 June 2013 and the financial year ending 30 June 2014 ("FY2014"). As such, the Exchange will assess the Company's compliance with Rule 1314 after it announces its results for FY2014.

1. Financial Position

The Group's operating cash outflow of S\$0.1 million for 2Q 2014 was significantly better than the S\$2.5 million cash outflow for 2Q 2013, mainly due to the reversal to profit in 2Q 2014 from a loss in 2Q 2013, and the decrease in trade and other receivables. Cash flows from investing activities used for the period amounted to S\$0.2 million, mainly from the purchase of property, plant and equipment, partially offset by the interest received. Financing activities generated cash flow of S\$12.2 million in net proceeds from the one-for-two rights issue in October 2013. As a result, cash and cash equivalents increased to S\$24.3 million as at 31 December 2013 from S\$12.5 million as at 30 September 2013. For the 6 months ended 31 December 2013, the Group has recorded a positive operating cash flow of S\$0.5 million.

2. Future Direction

Although the recovery of the U.S. boat market continues, the orders resulting from the 54th Fort Lauderdale International Boat Show which concluded on 4 November 2013 have been slower than anticipated. This has resulted in the Group's net order book declining to S\$9.0 million as at 31 December 2013 compared to S\$14.2 million as at 30 September 2013 and S\$16.8 million a year earlier.

The Group will be participating in other boat shows in the next few months, including the San Diego Sunroad Marine Boat Show which officially opened on 23 January 2014 and the Seattle Boat Show on 24 January 2014. This will be followed by the 13-17 February 2014 Miami International Boat Show – the second biggest boat show in the U.S.A. – during which the Group will showcase at least two models – GB50 Eastbay and GB43 Heritage; as well as the Palm Beach International Boat Show from 20-23 March 2014 and the 10-13 April 2014 Singapore Yacht Show.

The Group continues to step up its sales and marketing activities, particularly in the U.S. while continuing efforts to streamline operating efficiencies. These efforts had enabled the Group to report a profit in 2Q 2014 and are expected to contribute to the financial performance in 3Q 2014. The Group remains resolute in its commitment to report a profit for the whole of the financial year ending 30 June 2014.

The Group remains on the lookout for investment opportunities to widen its market reach and broaden revenue streams.

On 23 January 2014, the Company's wholly owned subsidiary, GB Yachts Pte. Ltd., was served a writ of summons from a customer seeking claims for a yacht purchased. The Company has sought legal advice and will update accordingly on the potential financial impact, if any.

By Order of the Board

GRAND BANKS YACHTS LIMITED

25 January 2014