



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 30 June 2014 ("4Q 2014") (to be read in conjunction with Sections 8, 9 & 10 of Appendix 7.2 of the Announcement released on 27 August 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 audited results for FY2014.

1. Financial Position

The Group's operating cash flow improved to S\$3.3 million for 4Q 2014 compared to cash outflow of S\$6.0 million for 4Q 2013, mainly due to the reversal to profit in 4Q 2014 from a loss in 4Q 2013, as well as decreases in inventories and receivables. For the whole of FY 2014, operating cash flow improved to S\$1.5 million compared to cash outflow of S\$13.4 million for FY 2013. Cash and cash equivalents, as per the cash flow statement, increased to S\$25.7 million as at 30 June 2014 from S\$12.2 million as at 30 June 2013 due in part to the S\$12.2 million in net proceeds raised from the one-for-two rights issue in October 2013.

2. Future Direction

On 15 July 2014, shareholders of the Company approved the acquisition of the entire issued and paid-up share capital of Palm Beach Motor Yacht Co Pty Ltd ("Palm Beach") of Australia. The acquisition allows Grand Banks to acquire a profitable business, broaden its product line and streamline operational efficiency by tapping Palm Beach's manufacturing techniques and processes. This will further strengthen the positioning of the enlarged Group as a global luxury boat company with two world-class brands that are well represented in the leading markets of North America, Australia, Asia and Europe.

Under the terms of the acquisition, Palm Beach's founder, Mr. Mark Richards, was appointed on 1 August 2014 as Chief Executive Officer of the enlarged Group, filling a critical leadership role for Grand Banks. The acquisition creates the opportunity for Palm Beach to scale up production by utilizing Grand Banks' manufacturing facility in Malaysia.

Grand Banks' aggregate net order book (inclusive of Palm Beach) stood at approximately S\$19.8 million as at 31 July 2014. To continue to push global sales, the Group will be participating in the Newport, Norwalk, Annapolis, Fort Lauderdale, Seattle boat shows in the United States and the Cannes Boat Show in Europe, among others, in the next three months. Some of the boats to be showcased include new models such as the Grand Banks GB50 Flybridge and the Palm Beach PB52.

Following completion of the acquisition of Palm Beach on 1 August 2014, the Group immediately commenced integration of the operations for both organizations that will address sales, marketing, manufacturing, financial reporting and personnel. The success of which, coupled with the synergies expected, will have an impact on the Group's future performance.

In view of the profit before tax recorded for FY 2014 and taking into consideration the financial performance of the Group for FY 2014, the Company intends to submit an application to the SGX-ST, after its audited results for FY 2014 are released, to apply for its exit from the Watch-List.

By Order of the Board

GRAND BANKS YACHTS LIMITED

27 August 2014