



## **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 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 30 June 2012 (to be read in conjunction with Sections 8, 9 & 10 of Appendix 7.2 released on 18 August 2012 via SGXNET).

#### **1. Financial Position**

The Group’s revenue and cash flow benefited from the successful sale of yacht inventories over the past year which also allowed the Group to be cash flow positive. As a result, cash and cash equivalents for the quarter ended 30 June 2012 increased by S\$1.4 million to S\$22.6 million as compared to the balance as at the beginning of the period.

#### **2. Future Direction**

Having initiated the strategic roadmap articulated in the Corporate and Business Update released on 18 July 2012, the Group is striving to increase top-line sales as well as to improve internal efficiencies. The Group is investing in significant upgrades to its product line-up as indicated by the S\$1.4 million of capital expenditures incurred in FY 2012, an increase of nearly S\$1.0 million as compared to last year. Apart from developing new products, the Group also 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.

As some of the initiatives enumerated above will require significant funding, the Group may seek to raise additional capital to cover these expenditures while maintaining a strong cash position given the current global economic uncertainty. In addition, in its efforts to look for new revenue streams, the Group may forge strategic partnerships in order to better utilize its production facility in Malaysia. The Group is self-financed with no bank borrowings and enjoys a strong cash position of S\$22.6 million as at 30 June 2012.

With these efforts, 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 Singapore Exchange.

On 27 July 2012, the Board of Directors (“the Board” or “the Directors”) received a special notice from two members of the Company stating their intention to call for an extraordinary general meeting of the Company to remove all four existing directors and to replace them with one new executive director and three new independent directors, pursuant to Section 177 of the Companies Act (Cap. 50) of Singapore (“**Companies Act**”). On 10 August 2012, the Board received an amended and restated special notice from the same members, this time requisitioning for the Board to convene an extraordinary general meeting of the Company instead, pursuant to Section 176 of the Companies Act. The Directors are currently seeking legal advice on this matter and will continue to keep shareholders updated of any material developments.

The commentary above remains subject to further developments as at the present moment, the precise intentions of the members seeking to replace the entire Board are not clear including whether they intend to continue with the above initiatives made by the current Board. As such, the outlook expressed by the current Board in the Update that “...the Directors believe that the worst is over and expect the Group’s performance in FY2013 to be significantly better than in FY2012” may also be subject to revision. In this regard, shareholders should accordingly exercise caution, and consult their professional advisers should they have any doubts.

By Order of the Board  
GRAND BANKS YACHTS LIMITED

18 August 2012