



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 31 December 2012 (to be read in conjunction with Sections 8, 9 & 10 of Appendix 7.2 released on 7 February 2013 via SGXNET).

1. Financial Position

The Group's cash flow and working capital for the quarter were affected by the increase in inventory primarily due to the increase in business activity. In addition, the Group paid down trade payables which had built up from the previous quarter as the result of purchases of materials and equipment made in anticipation of increased production levels. As a result, the ending cash balance 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.

2. Future Direction

The Group has introduced new designs since the start of FY2012 to increase its revenue. These new designs accounted for approximately 60% of its net order book backlog as at 31 December 2012. It has increased its marketing efforts to proactively promote the new designs prior to production and has also enhanced the sales process through more customer involvement.

In line with historical trends, the Company expects the performance in the seasonally stronger second half of fiscal 2013 to improve compared to the first half of fiscal 2013. With the improved financial performance, the Group is on track to return to profitability in either the current financial year or the financial year ending 30 June 2014, with a view to ensure the timely removal of the Company from the Watch-List administered by the Singapore Exchange.

By Order of the Board

GRAND BANKS YACHTS LIMITED

7 February 2013