

**GRAND BANKS YACHTS LIMITED**

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SGX-Listed Grand Banks Records First Quarterly Profit Since 2009; 2Q 2014 Performance Reflects Combined Efforts to Improve Sales and Efficiency as Group Remains Resolute to Show Full Year Profit

- **Recorded a net profit of S\$0.27 million in 2Q 2014, reversing a net loss of S\$0.78 million in 2Q 2013**
- **Revenue rose 42.0% to S\$9.5 million in 2Q 2014 from S\$6.7 million in 2Q 2013 as U.S. luxury boat market continues to recover**
- **Gross profit increased 27.3% to S\$2.0 million for 2Q 2014 from S\$1.6 million a year earlier**
- **Operating expenses at the lowest quarterly level in past 4-1/2 years at S\$1.7 million in 2Q 2014**

In SGD Million (ending 31 December)	2Q'14 S\$	2Q'13 S\$	Change %	1H'14 S\$	1H'13 S\$	Change %
Revenue	9.5	6.7	42.0	19.0	13.2	44.1
Gross Profit	2.0	1.6	27.3	3.8	2.7	38.9
Gross Margin (%)	21.2	23.7	--	19.9	20.7	--
Total Operating Expenses	(1.7)	(2.3)	(29.2)	(3.8)	(4.8)	(19.2)
Profit/(Loss) from Operations	0.4	(0.8)	(146.0)	(0.1)	(2.0)	(97.4)
Net Profit/(Loss) for the Period	0.3	(0.8)	(134.6)	(0.3)	(2.2)	(86.1)

SINGAPORE, 25 January, 2014 – Grand Banks Yachts Limited (“Grand Banks” or “the Group”) announced today that it recorded a net profit of S\$0.27 million for the October-to-December 2013 quarter (“2Q 2014”), reversing a S\$0.78-million loss for 2Q 2013, a swing of approximately S\$1.05 million. This is the first quarterly profit that the Group reported since 2009.

The Singapore Exchange Mainboard-listed internationally renowned manufacturer of the Grand Banks brand of boats said efforts to improve sales and efficiency combined with the recovery in the U.S. luxury boat market, helped reverse the loss in 2Q 2013, and also led to narrowing the loss for the six-month period ended 31 December, 2013 (“1H 2014”) by 86.1% to S\$0.31 million from S\$2.22 million a year earlier.

Revenue grew 42.0% to S\$9.5 million in 2Q 2014 from S\$6.7 million in 2Q 2013, lifting gross profit 27.3% to S\$2.0 million from S\$1.6 million. 2Q 2014 marks the highest quarterly gross profit since quarter ended 30 June 2012. However, gross profit margin declined to 21.2% from 23.7%, respectively, due to a sale of a trade-in yacht at a lower price.

Operating expenses, at the lowest quarterly level in the past 4-1/2 years, declined to S\$1.7 million in 2Q 2014 from S\$2.3 million in 2Q 2013 mainly due to the reduced headcount and efficiency measures, as well as the recovery of doubtful debts and forfeiture of deposit. However, these were partially offset by higher selling and marketing expenses incurred in boat shows and higher boat demonstration expenses.

Operating cash outflow fell sharply to S\$0.1 million in 2Q 2014 from S\$2.5 million in 2Q 2013, mainly due to financial performance improvement, and lower trade and other receivables. Net proceeds from the one-for-two rights issue in October 2013 of S\$12.2 million helped lift cash and cash equivalents to S\$24.3 million as at 31 December, 2013, an increase of S\$11.8 million during the quarter.

For 1H 2014 the Group's revenue grew 44.1% to S\$19.0 million from S\$13.2 million for 1H 2013 while gross profit improved by 38.9% to S\$3.8 million from S\$2.7 million, respectively. It also recorded a positive operating cash flow of S\$0.5 million for 1H 2014.

The Group's earnings per share improved to 0.17 cent in 2Q 2014 compared to a loss per share of 0.66 cent in 2Q 2013. Net assets per ordinary share as at 31 December, 2013 stood at 28.57 cents compared to 33.17 cents as at 30 June, 2013.

Although the recovery of the U.S. boat market continues, orders arising from the 54th Fort Lauderdale International Boat Show last November 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.

Mr Peter Poli, Acting Chief Executive Officer and Chief Financial Officer, said, "We will continue to step up sales and marketing activities and will participate in boat shows in the next few months in San Diego, Seattle, Miami and Palm Beach in the United States as well as in Singapore. At the same time we will continue our efforts to streamline operations."

Mr Heine Askaer-Jensen, Chairman of Grand Banks, said, "Decisions made to improve efficiency enabled the Group to report a profit in 2Q 2014 and will aid our ongoing efforts for the rest of the financial year ending 30 June, 2014 ("FY2014"). The Group remains resolute in its commitment to report a profit for FY2014. The Group will continue its commitment with the objective of a removal from the SGX Watch-List."

Grand Banks announced on 26 November 2013 that SGX had confirmed that the latter would assess the Company's compliance with Rule 1314 after it announces its results for

FY2014, taking into account the Company's financial performance for the two full financial years after its entry into the Watch-List.

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

End of Release

About Grand Banks Yachts Limited

With a renowned legacy that dates back to 1956, Singapore-based Grand Banks Yachts Limited is a global brand well known for its vast experience in manufacturing and selling luxury motor yachts. The Grand Banks brand is recognized across the globe for superior quality and craftsmanship which created one of the most acclaimed and highly sought-after yachts on the market today. The Group's manufacturing facility is located in Pasir Gudang in Malaysia. Grand Banks was listed on the SGX in 1987 and upgraded to the Main Board in 1993.

For more information, visit: www.grandbanks.com

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