

GRAND BANKS YACHTS LIMITED

(Registration No.: 197601189E)



GRAND BANKS.

First Quarter Unaudited Financial Statements for the Period Ended 30 September 2018

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT (UNAUDITED) - in SGD

	Group		Inc/(Dec) %
	3-Month Period Ended 30-Sep-18 \$'000	3-Month Period Ended 30-Sep-17 \$'000 <i>Restated</i>	
Revenue	21,610	24,190	(10.7)
Cost of sales	(16,038)	(19,868)	(19.3)
Gross Profit	<u>5,572</u>	<u>4,322</u>	28.9
Selling and marketing expenses	(2,471)	(1,844)	34.0
Administrative expenses	(1,202)	(1,055)	13.9
Other operating expenses	(242)	(136)	77.9
Total operating expenses	<u>(3,915)</u>	<u>(3,035)</u>	29.0
Profit from operations	<u>1,657</u>	<u>1,287</u>	28.7
Other non-operating expense, net	(303)	(10)	N.m
Finance costs	(66)	(48)	37.5
Profit before tax	<u>1,288</u>	<u>1,229</u>	4.8
Tax (expense)/credit	(142)	46	(408.7)
Net profit for the period	<u><u>1,146</u></u>	<u><u>1,275</u></u>	(10.1)

N.m - Percentage / Computation not meaningful

Additional information to the income statement:

	Group		
	3-Month Period Ended	3-Month Period Ended	Inc/(Dec) %
	30-Sep-18 \$'000	30-Sep-17 \$'000	
		<i>Restated</i>	
Allowance of inventory obsolescence	(30)	(29)	3.4
Depreciation of property, plant and equipment	(762)	(810)	(5.9)
Amortisation of intangible assets	(32)	(35)	(8.6)
Foreign exchange loss, net	(330)	(40)	725.0
Interest income included in other non-operating income	5	5	-
Property, plant and equipment written off	(30)	-	N.m
Tax:			
- current tax expense	(197)	(13)	N.m
- deferred tax credit	55	59	(6.8)

N.m - Percentage / Computation not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) - in SGD

	Group	
	3-Month Period Ended	3-Month Period Ended
	30-Sep-18 \$'000	30-Sep-17 \$'000
		Inc/(Dec) %
Net profit for the period	1,146	1,275 (10.1)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Net currency translation differences of financial statements of foreign subsidiaries	(827)	117 (806.8)
Total Comprehensive Income for the period	319	1,392 (77.1)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION (UNAUDITED) - in SGD

	Group		Company	
	30-Sep-18 \$'000	30-Jun-18 \$'000	30-Sep-18 \$'000	30-Jun-18 \$'000
Non-current assets		<i>Restated</i>		
Property, plant and equipment	30,309	29,957	–	–
Subsidiaries	–	–	38,016	38,016
Goodwill	6,633	6,757	–	–
Intangible assets	1,552	1,619	–	–
Deferred tax assets	4,902	5,024	–	–
	<u>43,396</u>	<u>43,357</u>	<u>38,016</u>	<u>38,016</u>
Current assets				
Inventories	25,056	20,886	–	–
Contract assets	5,434	2,946	–	–
Trade and other receivables	3,169	5,777	5,703	5,983
Prepayments	1,529	1,254	38	20
Cash and cash equivalents	1,651	8,437	39	73
	<u>36,839</u>	<u>39,300</u>	<u>5,780</u>	<u>6,076</u>
Total assets	<u>80,235</u>	<u>82,657</u>	<u>43,796</u>	<u>44,092</u>
Current liabilities				
Contract liabilities	2,687	6,386	–	–
Trade and other payables	11,560	11,210	450	412
Provision for warranty claims	1,891	2,070	–	–
Interest bearing loans and borrowings (i)	424	433	–	–
Deferred consideration (i)	470	465	–	–
Current tax payables	195	212	–	–
	<u>17,227</u>	<u>20,776</u>	<u>450</u>	<u>412</u>
Non-current liabilities				
Deferred tax liabilities	593	669	–	–
Interest bearing loans and borrowings (i)	3,035	2,037	–	–
Deferred consideration (i)	2,511	2,628	–	–
	<u>6,139</u>	<u>5,334</u>	<u>–</u>	<u>–</u>
Total liabilities	<u>23,366</u>	<u>26,110</u>	<u>450</u>	<u>412</u>
Capital and reserves				
Share capital	43,045	43,045	43,045	43,045
Share-based compensation reserve	373	370	373	370
Accumulated profits/(losses)	12,936	11,790	(72)	265
Foreign currency translation reserve	515	1,342	–	–
Total equity	<u>56,869</u>	<u>56,547</u>	<u>43,346</u>	<u>43,680</u>
Total equity and liabilities	<u>80,235</u>	<u>82,657</u>	<u>43,796</u>	<u>44,092</u>

(i) Refer to 1(b)(ii) below.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	30-Sep-2018 \$'000	30-Jun-2018 \$'000
Interest bearing loans and borrowings - short-term	424	433
Deferred consideration - short-term	470	465
Interest bearing loans and borrowings - long-term	3,035	2,037
Deferred consideration - long-term	2,511	2,628
	<u>6,440</u>	<u>5,563</u>

Group's borrowings as at 30 Sep 2018 were S\$6.44 million (30 June 2018 : S\$5.56 million) for the partial financing of the renewal consideration for the lease extension of the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia and the partial financing of the acquisition in May 2018 of Stuart Yacht Corporation (SYC).

Detail of any collateral

The Group's borrowings are secured by charge on the lease of the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia, corporate guarantee by the Company and charge on the shares of SYC.

1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) - in SGD

	Group	
	3-Month Period Ended 30-Sep-18 \$'000	3-Month Period Ended 30-Sep-17 \$'000
Operating activities		
Profit after taxation	1,146	1,275
<i>Adjustments for:-</i>		<i>Restated</i>
Depreciation of property, plant and equipment	762	810
Amortisation of intangible assets	32	35
Property, plant and equipment written off	30	-
Allowance made for slow moving materials	30	29
Interest income	(5)	(5)
Interest expense	66	48
Provision for warranty claims	302	402
Equity-settled share based expense	3	3
Tax expense/(credit)	142	(46)
Unrealised foreign exchange loss	269	105
	<u>2,777</u>	<u>2,656</u>
<i>Changes in working capital:</i>		
Increase in inventories	(4,600)	(79)
Increase in contract assets	(2,548)	(4,583)
Decrease/(Increase) in trade and other receivables	2,524	(218)
Increase in prepayments	(296)	(202)
Decrease in contract liabilities	(3,689)	(911)
Increase in trade and other payables	767	1,534
Net cash from operations	<u>(5,065)</u>	<u>(1,803)</u>
Net income tax paid	(157)	(15)
Warranty claims paid	(436)	(99)
Cash flows used in operating activities	<u>(5,658)</u>	<u>(1,917)</u>
Investing activities		
Interest received	5	4
Purchase of property, plant and equipment	(1,879)	(1,648)
Cash flows used in investing activities	<u>(1,874)</u>	<u>(1,644)</u>
Financing activities		
Interest paid	(66)	(46)
Repayment of interest bearing loans and borrowings (i)	(334)	(90)
Proceeds from interest bearing loans and borrowings	1,145	-
Cash flows from/(used in) financing activities	<u>745</u>	<u>(136)</u>
Net decrease in cash and cash equivalents	(6,787)	(3,697)
Cash and cash equivalents at beginning of period	8,305	15,741
Effect of exchange rate changes on balances held in foreign currency	4	(174)
Cash and cash equivalents at end of period (ii)	<u>1,522</u>	<u>11,870</u>
(i) The repayment of loans and borrowings relates to the Group's borrowings for the partial financing of the renewal consideration for the lease extension of the Group's manufacturing yard in Pasir Gudang, Johor, Malaysia and the partial financing of the acquisition of Stuart Yacht Corporation.		
(ii) Cash and cash equivalents per statement of cash flows (S\$'000)	<u>1,522</u>	<u>11,870</u>
Deposits pledged (S\$'000)	129	131
Cash and cash equivalents per the statements of financial position (S\$'000)	<u>1,651</u>	<u>12,001</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) - in SGD

	Share capital S'000	Share-based compensation reserve S'000	Foreign currency translation reserve S'000	Accumulated profits/(loss) S'000	Total S'000
Group - Restated					
At 1-Jul-2017 - as previously reported	43,045	359	(27,577)	29,388	45,215
Effect of adoption of SFRS(I) 1	-	-	27,577	(27,577)	-
Effect of adoption of SFRS(I) 15	-	-	-	656	656
Adjusted balance at 1-Jul-2017	43,045	359	-	2,467	45,871
Total comprehensive income for the period					
Profit for the period	-	-	-	1,275	1,275
Other comprehensive income					
Translation differences relating to financial statements of foreign subsidiaries	-	-	117	-	117
Total other comprehensive income	-	-	117	-	117
Total comprehensive income for the period	-	-	117	1,275	1,392
Transactions with owners, recorded directly in equity					
Equity-settled performance shares	-	3	-	-	3
At 30-Sep-2017	43,045	362	117	3,742	47,266
At 1-Jul-2018 - as previously reported	43,045	370	(26,235)	38,851	56,031
Effect of adoption of SFRS(I) 1	-	-	27,577	(27,577)	-
Effect of adoption of SFRS(I) 15	-	-	-	516	516
Adjusted balance at 1-Jul-2018	43,045	370	1,342	11,790	56,547
Total comprehensive income for the period					
Profit for the period	-	-	-	1,146	1,146
Other comprehensive income					
Translation differences relating to financial statements of foreign subsidiaries	-	-	(827)	-	(827)
Total other comprehensive income	-	-	(827)	-	(827)
Total comprehensive income for the period	-	-	(827)	1,146	319
Transactions with owners, recorded directly in equity					
Equity-settled performance shares	-	3	-	-	3
At 30-Sep-2018	43,045	373	515	12,936	56,869
Company					
At 1-Jul-2017	43,045	359	(986)		42,418
Total comprehensive income for the period					
Profit for the period	-	-	(155)		(155)
Total comprehensive income for the period	-	-	(155)		(155)
Transactions with owners, recorded directly in equity					
Equity-settled performance shares	-	3	-		3
At 30-Sep-2017	43,045	362	(1,141)		42,266
At 1-Jul-2018	43,045	370	265		43,680
Total comprehensive income for the period					
Profit for the period	-	-	(337)		(337)
Total comprehensive income for the period	-	-	(337)		(337)
Transactions with owners, recorded directly in equity					
Equity-settled performance shares	-	3	-		3
At 30-Sep-2018	43,045	373	(72)		43,346

- 1(d) (ii) Details of any changes in the Company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The Company did not issue any shares during the 3-month period ended 30 September 2018 (30 September 2017: No change).

There are no outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of immediately preceding financial year.

- 1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.**

The Company did not hold any treasury shares as at 30 September 2018 and 30 June 2018. The Company’s share capital consists of 184,234,649 ordinary shares as at 30 September 2018 (30 June 2018: 184,234,649 ordinary shares).

- 1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company did not have any treasury shares during the period under review.

- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our auditors.

- 3. Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period, as those of the most recent audited financial statements for the financial year ended 30 June 2018.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted new Singapore Financial Reporting Standards International (“SFRS(I)”), in particular SFRS(I) 1 and SFRS(I) 15, on 1 July 2018. Listed below is a brief summary of the impact of the changes.

Adoption of SFRS(I) 1:

The Group has elected the option to reset its cumulative foreign currency translation reserves (FCTR) of S\$27.6 million losses to nil as at 1 July 2017, the date of transition, and reclassified to accumulative profits.

The Group has also elected to change its inventory valuation policy from first-in-first-out to weighted average. The impact is insignificant.

	Group		
	30 Jun 2018		
	As previously reported	Adoption of SFRS(I) 1	As restated
	S\$’000	S\$’000	S\$’000
Accumulated profits/(losses)	38,851	(27,577)	11,274
Foreign currency translation reserve	(26,235)	27,577	1,342

Adoption of SFRS(I) 15:

The Group has adopted SFRS(I) 15 using the retrospective approach. The Group applied all of the requirements of SFRS(I) 15 retrospectively, except for practical expediency with regard to completed contracts. Completed contracts that began and ended within the same annual reporting period, as well as completed contracts as at 1 July 2017, were not restated.

Under SFRS(I) 15, revenue is recognised progressively based on the cost-to-cost method. The impact on the comparative information (i.e. revenue, cost of sales, contract assets, contract liabilities and accumulated profits) is as follows:

Group statement of profit or loss and other comprehensive income for the financial period ended 30 September 2017:

	Group (First Quarter FY2018)		
	3 months ended 30 September 2017		
	As previously reported	Adoption of SFRS(I) 15	As restated
	S\$'000	S\$'000	S\$'000
Revenue	21,318	2,872	24,190
Cost of sales	(17,652)	(2,216)	(19,868)
Gross profit	3,666	656	4,322
Net profit after tax	619	656	1,275
Other comprehensive income	117	-	117
Total comprehensive income	736	656	1,392

Group statement of financial position as at 30 June 2018:

	Group			
	30 Jun 2018			
	As previously reported	Adoption of SFRS(I) 1	Adoption of SFRS(I) 15	As restated
	S\$'000	S\$'000	S\$'000	S\$'000
Inventories (Current assets)	22,295	-	(1,409)	20,886
Contract assets (Current assets)	1,125	-	1,821	2,946
Contract liabilities (Current liabilities)	4,736	-	1,650	6,386
Accumulated profits (Equities)	38,851	(27,577) *	516	11,790

* In addition to SFRS(I) 15, the accumulated profits was reduced by S\$27.6 million following the adoption of SFRS(I) 1.

Statement of cash flows for the Group for the financial period ended 30 September 2017

	Group (First Quarter FY2018)		
	3 months ended 30 September 2017		
	As previously reported	Adoption of SFRS(I) 15	As restated
	S\$'000	S\$'000	S\$'000
Cash flows from operating activities			
Profit after taxation	619	656	1,275
Increase in inventories	(2,295)	2,216	(79)
Increase in contract assets (Current assets)	(1,400)	(3,183)	(4,583)
Decrease in contract liabilities (Current liabilities)	(1,911)	1,000	(911)

Earnings per share

	Group (First Quarter FY2018)	
	As previously reported	As restated
	3 months ended 30 Sep 2017	3 months ended 30 Sep 2017
	(Q1 FY2018)	(Q1 FY2018)
Earnings per share (in cents S\$)		
(a) Based on weighted average number of ordinary shares on issue	0.34	0.69
(b) On a fully diluted basis	0.33	0.69

Net tangible assets

	Group	
	As previously reported	As restated
	30 Jun 2018	30 Jun 2018
Net asset value per ordinary share (in cents S\$)	30.41	30.69

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividend.

	3-Month Period Ended 30-Sep-18	3-Month Period Ended 30-Sep-17 <i>Restated</i>
	0.62	0.69
	0.62	0.69

Earnings per ordinary share for the financial period based on net profit attributable to shareholders: -

- on weighted average number of ordinary shares in issue (cents)

- on a fully diluted basis (cents)

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the :-

(a) Current period reported on; and

(b) Immediately preceding financial year.

	Group	Company
	Sep-18	Jun-18
		<i>Restated</i>
	30.87	23.53
		23.71

Net asset value per ordinary share based on existing issued share capital at the end of the respective financial period/year (cents)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -

a) Any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors.

The Group's revenue for the quarter ended 30 September 2018 ("1Q FY2019") decreased 10.7% to S\$21.6 million compared from S\$24.2 million for the quarter ended 30 September 2017 ("1Q FY2018"), primarily due to fewer stock boats and trade-in boat sales compared to 1Q FY2018 (1Q FY2019: two stock boats and one trade-in sale compared to 1Q FY2018: three trade-in and one stock boat sale).

Gross profit amounted to S\$5.6 million in 1Q FY2019, up 28.9% from S\$4.3 million in 1Q FY2018, driven by production efficiency and a better sales mix; namely, more units of larger, higher-margin boats were sold. Gross profit margin increased to 25.8% from 17.9% over the comparative period.

Total operating expenses – which include costs relating to boat shows, sales and marketing, as well as salaries, commissions and professional fees – increased to S\$3.9 million in 1Q FY2019 from S\$3.0 million in 1Q FY2018, primarily due to higher commissions, travelling expenses, professional fees and payroll costs.

Other non-operating expenses in 1Q FY2019 and 1QFY2018 were due to foreign exchange losses.

The tax credit in 1Q FY2018 arose from the reversal of deferred tax liabilities.

As a result of the above, the Group's net profit was S\$1.1 million in 1Q FY2019, compared to a net profit of S\$1.3 million in 1Q FY2018.

b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The Group's cash flow used in operations was S\$5.7 million in 1Q FY2019 compared to S\$1.9 million in 1Q FY2018, due primarily to higher inventories and contract assets as well as lower contract liabilities. These were partially offset by lower trade and other receivables.

The increase in inventory was due to the higher value of inventory boats produced for the annual U.S. boat show season.

Cash flows used in investing activities amounted to S\$1.9 million in 1Q FY2019 due to the development of new yacht models as well as improvements to the Pasir Gudang facility, including the reconfiguration and revamped layout of production lines and processes. Net cash flows used in investing activities totaled S\$1.6 million in 1Q FY2018.

Cash flows from financing activities amounted to S\$0.7 million in 1Q FY2019, due to the proceeds from interest-bearing loans. This was offset by the repayment of loans (principal and interest) used to partially finance the lease extension of the Group's Pasir Gudang yard in FY2016 and the purchase of a service yard facility in the U.S. in FY2018. Cash flows used in financing activities were S\$0.1 million in 1Q FY2018.

As a result of the above, cash and cash equivalents were S\$1.7 million as at 30 September 2018 compared to S\$8.4 million as at 30 June 2018.

Non-current assets came to S\$43.4 million as at 30 September 2018, similar to S\$43.4 million as at 30 June 2018. Current assets decreased to S\$36.8 million as at 30 September 2018 from S\$39.3 million as at 30 June 2018, due to the aforementioned decrease in cash and cash equivalents.

Total liabilities decreased to S\$23.4 million as at 30 September 2018 from S\$26.1 million as at 30 June 2018, due mainly to the decrease in contract liabilities, as well as lower provision for warranty claims.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group booked a net profit in the quarter under review due to a good quarterly sales mix, improved production capabilities and healthy profit margins. This positive start to FY2019 reflects the success of the Group's extensive restructuring efforts in recent years, namely the development of new yacht models, the ongoing refinement of its manufacturing techniques and the integration of its two prestigious boat brands.

Despite the significant progress made at its redeveloped 380,000-square feet facility in Pasir Gudang, Malaysia, the Group is making continuous improvements to the yard by reconfiguring and revamping the layout of production lines and processes during the quarter in review. It plans to increase its production efficiency in the months ahead to better meet customer demand.

As part of its commitment to continuous investor engagement, the Group will host shareholders for a tour of the Pasir Gudang yard in the first quarter of the 2019 calendar year.

The Group continues to enjoy success at events in the U.S., where its high-speed Palm Beach GT50 won two awards at the 2018 Newport International Boat Show. It will build on this momentum by expanding its portfolio of luxury yachts, with Grand Banks 52, Palm Beach GT60 and Palm Beach 70 all scheduled to debut in calendar year 2019.

The Group is currently shoring up its presence in the U.S. with an enlarged suite of commissioning and maintenance services for North American customers, who form the bulk of its sales. Although demand for its products is strongest in the U.S., which is the world's largest boat market, the Group will also pursue growth in other markets. It plans to set up a new office in Cannes, France to tap opportunities in Europe.

The Group received four orders in 1Q FY2019, resulting in a net order book of S\$20.5 million as at 30 September 2018. This marks a cyclical low point as the U.S. boat show season – which requires increased production of inventory boats for marketing purposes – only begins in end-September, thus impacting order recognition during the first quarter of the financial year. Subsequent to 30 September 2018, the Group received three additional orders.

While the Group has in recent months made substantial cash investments in its facilities, inventory and new models, it believes that these short-term initiatives will lay an even stronger foundation for long-term growth. It is monitoring operating costs closely and will strive to further optimise operational efficiencies during the year.

11. Dividend

**a) Current Financial Period Reported on 30 September 2018
Any dividend declared for the current financial year reported on?**

No.

**b) Corresponding Period of the immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?**

No.

12. If no dividend has been declared / recommended, a statement to that effect.

No dividend has been declared.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained from shareholders for IPT.

Mr. Mark Jonathon Richards, the Group's Chief Executive Officer, owns the manufacturing facility at Berkeley Vale, Sydney, Australia. This facility is leased to PBM Y, one of the Group's subsidiary companies. For the period from 1 July 2018 through 30 September 2018, the monthly rental amount paid by PBM Y for use of the manufacturing facility was approximately S\$23,000. The transaction has been reviewed by the Risk Management & Audit Committee ("RMAC") of the Company, and the RMAC is of the view that the terms of the transaction is on normal commercial terms, and is not prejudicial to the interest of the Company and its minority shareholders.

14. Negative confirmation by the Board pursuant to Rule 705(5).

The Board of Directors of the Company hereby confirms to the best of its knowledge that nothing has come to its attention which may render the financial statements for the first quarter ended 30 September 2018 to be false or misleading in any material respect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1).

The Company has procured undertakings from all its directors and executive officers as required by Rule 720(1).

16. The status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use.

Not applicable.

By Order of the Board
GRAND BANKS YACHTS LIMITED

Chiam Heng Huat
Chief Financial Officer
14 November 2018