

GRAND BANKS YACHTS LIMITED

(Registration No.: 197601189E)



GRAND BANKS.

Third Quarter Unaudited Financial Statements for the Period Ended 31 March 2016

I(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			Group		
	3-Month Period Ended	3-Month Period Ended	Inc / (Dec) %	9-Month Period Ended	9-Month Period Ended	Inc/(Dec) %
	31-Mar-16 S'000	31-Mar-15 S'000		31-Mar-16 S'000	31-Mar-15 (i) S'000	
Revenue	17,257	6,320	173.1	42,689	25,515	67.3
Cost of sales	(14,828)	(5,823)	154.6	(34,020)	(22,178)	53.4
Gross Profit	<u>2,429</u>	<u>497</u>	388.7	<u>8,669</u>	<u>3,337</u>	159.8
Selling and marketing expenses	(1,284)	(870)	47.6	(3,271)	(2,601)	25.8
Administrative expenses	(899)	(908)	(1.0)	(3,045)	(2,759)	10.4
Other operating expenses	(84)	(207)	(59.4)	(559)	(730)	(23.4)
Total operating expenses	(2,267)	(1,985)	14.2	(6,875)	(6,090)	12.9
Profit/(Loss) from operations	<u>162</u>	<u>(1,488)</u>	(110.9)	<u>1,794</u>	<u>(2,753)</u>	(165.2)
Other non-operating (expense)/income, net	(9)	321	(102.8)	485	642	(24.5)
Profit/(Loss) before tax	<u>153</u>	<u>(1,167)</u>	(113.1)	<u>2,279</u>	<u>(2,111)</u>	(208.0)
Tax credit/(expense)	222	23	865.2	(316)	(245)	29.0
Net profit/(loss) for the period	<u>375</u>	<u>(1,144)</u>	(132.8)	<u>1,963</u>	<u>(2,356)</u>	(183.3)
EBITDA (ii)	<u>897</u>	<u>(423)</u>	(312.1)	<u>4,451</u>	<u>(23)</u>	N.m

N.m - Percentage / Computation not meaningful

- (i) Includes contributions from Palm Beach Motor Yacht Co Pty Ltd ("PBM") arising from the acquisition of PBM on 1 August 2014.
- (ii) Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA").

Additional information to the income statement:

	Group			Group		
	3-Month Period Ended	3-Month Period Ended	3-Month Period Ended	9-Month Period Ended	9-Month Period Ended	9-Month Period Ended
	31-Mar-16 \$'000	31-Mar-15 \$'000	Change %	31-Mar-16 \$'000	31-Mar-15 \$'000	Inc/(Dec) %
Allowance made for slow-moving materials	(21)	(11)	90.9	(63)	(39)	61.5
Depreciation of property, plant and equipment	(717)	(518)	38.4	(2,011)	(1,483)	35.6
Amortisation of intangible assets	(33)	(240)	(86.3)	(189)	(641)	(70.5)
Foreign exchange (loss)/gain	(118)	274	(143.1)	261	504	(48.2)
Loss on disposal of property, plant and equipment	-	(3)	(100.0)	-	(3)	(100.0)
Fair valuation loss on quoted debt securities held-for-trading	(2)	(5)	(60.0)	(6)	(11)	(45.5)
Interest income included in other non-operating income, net	6	14	(57.1)	28	36	(22.2)
Property, plant and equipment written off	-	(2)	(100.0)	-	(4)	(100.0)
Tax:						
- current tax credit/(expense)	166	(11)	N.m	(510)	(43)	N.m
- deferred tax credit/(expense)	56	34	64.7	194	(202)	(196.0)

N.m - Percentage / Computation not meaningful

(i) Includes contributions from Palm Beach Motor Yacht Co Pty Ltd ("PBM") arising from the acquisition of PBM on 1 August 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) - in SGD

	Group		Group			
	3-Month Period Ended 31-Mar-16 \$'000	3-Month Period Ended 31-Mar-15 \$'000	Change %	9-Month Period Ended 31-Mar-16 \$'000	9-Month Period Ended 31-Mar-15 (i) \$'000	Inc/(Dec) %
Net profit/(loss) for the period	375	(1,144)	(132.8)	1,963	(2,356)	(183.3)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Net currency translation differences of foreign subsidiaries	957	(577)	(265.9)	(652)	(1,601)	(59.3)
Total Comprehensive Income for the period	<u>1,332</u>	<u>(1,721)</u>	(177.4)	<u>1,311</u>	<u>(3,957)</u>	(133.1)

(i) Includes contributions from Palm Beach Motor Yacht Co Pty Ltd ("PBMV") arising from the acquisition of PBMV on 1 August 2014.

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	
	31-Mar-16 \$'000	30-Jun-15 \$'000	31-Mar-16 \$'000	30-Jun-15 \$'000
Non-current assets				
Property, plant and equipment	13,435	10,966	–	–
Subsidiaries	–	–	29,609	29,609
Goodwill	6,932	6,930	–	–
Intangible assets	1,964	2,153	–	–
Deferred tax assets	307	307	–	–
	<u>22,638</u>	<u>20,356</u>	<u>29,609</u>	<u>29,609</u>
Current assets				
Inventories	20,913	17,887	–	–
Trade and other receivables (i)	2,066	307	9,618	10,892
Prepayments	1,805	1,686	13	7
Current tax recoverable	1	–	–	–
Investment held-for-trading	304	310	304	310
Cash and cash equivalents	14,691	21,701	1,787	5,089
	<u>39,780</u>	<u>41,891</u>	<u>11,722</u>	<u>16,298</u>
Total assets	<u>62,418</u>	<u>62,247</u>	<u>41,331</u>	<u>45,907</u>
Current liabilities				
Trade and other payables (ii)	13,127	14,323	184	4,423
Hire purchase payable	22	27	–	–
Provision for warranty claims	1,141	1,295	–	–
Current tax payables	494	193	–	–
	<u>14,784</u>	<u>15,838</u>	<u>184</u>	<u>4,423</u>
Non-current liabilities				
Deferred tax liabilities	1,412	1,606	–	–
Total liabilities	<u>16,196</u>	<u>17,444</u>	<u>184</u>	<u>4,423</u>
Capital and reserves				
Share capital	42,999	42,999	42,999	42,999
Share-based compensation reserve	298	190	298	190
Accumulated profits/(losses)	28,860	26,897	(2,150)	(1,705)
Foreign currency translation reserve	(25,935)	(25,283)	–	–
Total equity	<u>46,222</u>	<u>44,803</u>	<u>41,147</u>	<u>41,484</u>
Total equity and liabilities	<u>62,418</u>	<u>62,247</u>	<u>41,331</u>	<u>45,907</u>

- (i) Group trade and other receivables as at 31 March 2016 were higher due to billings totalling approximately S\$1.8 million as constructions reached billing milestones.
- (ii) In connection with the PBMV acquisition, payables as at 30 June 2015 include an accrued amount of S\$4.1 million for the earn-out payment as PBMV's combined net profits before tax for the years ended 30 June 2014 and 30 June 2015 exceeded the required threshold of A\$2.64 million. The amount was paid in October 2015.

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

Not applicable.

Detail of any collateral

Not applicable.

- 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		Group	
	3-Month Period Ended 31-Mar-16 S'000	3-Month Period Ended 31-Mar-15 S'000	9-Month Period Ended 31-Mar-16 S'000	9-Month Period Ended 31-Mar-15 (i) S'000
Operating activities				
Profit/(Loss) after taxation	375	(1,144)	1,963	(2,356)
<i>Adjustments for:-</i>				
Depreciation of property, plant and equipment	717	518	2,011	1,483
Amortisation of intangible assets	33	240	189	641
Loss on disposal of property, plant and equipment	-	3	-	3
Property, plant and equipment written off	-	2	-	4
Interest income	(6)	(14)	(28)	(36)
Provision for warranty claims	138	50	544	406
Fair valuation loss on quoted debt securities held-for-trading	2	5	6	11
Equity-settled share based expense	50	14	108	14
Tax (credit)/expense	(222)	(23)	316	245
Unrealised foreign exchange loss/(gain)	581	-	(283)	-
	<u>1,668</u>	<u>(349)</u>	<u>4,826</u>	<u>415</u>
<i>Changes in working capital:</i>				
(Increase)/Decrease in inventories	(3,300)	269	(3,659)	861
(Increase)/Decrease in trade and other receivables	(458)	669	(1,677)	1,990
Decrease/(Increase) in prepayments	62	(1,020)	(172)	(1,219)
(Decrease)/Increase in trade and other payables	(450)	1,823	3,068	(281)
Net cash (used in)/from operations	<u>(2,478)</u>	<u>1,392</u>	<u>2,386</u>	<u>1,766</u>
Net income tax paid	(182)	(7)	(214)	(31)
Warranty claims paid	(385)	(174)	(649)	(589)
Cash flows (used in)/from operating activities	<u>(3,045)</u>	<u>1,211</u>	<u>1,523</u>	<u>1,146</u>
Investing activities				
Interest received	3	17	13	46
Acquisition of a subsidiary (ii)	-	-	(3,985)	(3,434)
Purchase of property, plant and equipment	(1,759)	(414)	(4,732)	(1,716)
Proceeds from previously restricted cash/(Restricted cash) (iii)	-	-	4,800	(4,800)
Cash flows (used in)/from investing activities	<u>(1,756)</u>	<u>(397)</u>	<u>(3,904)</u>	<u>(9,904)</u>
Financing activities				
Receipt of unclaimed dividends	-	-	-	3
Repayment of hire purchase liability	-	(3)	(2)	(4)
Repayment of loan (iv)	-	-	-	(1,756)
Deposits pledged	-	-	-	(825)
Cash flows used in financing activities	<u>-</u>	<u>(3)</u>	<u>(2)</u>	<u>(2,582)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(4,801)</u>	<u>811</u>	<u>(2,383)</u>	<u>(11,340)</u>
Cash and cash equivalents at beginning of period	19,958	13,473	16,754	25,678
Effect of exchange rate changes on balances held in foreign currency	(605)	(285)	181	(339)
Cash and cash equivalents at end of period (v)	<u>14,552</u>	<u>13,999</u>	<u>14,552</u>	<u>13,999</u>

- (i) Includes contributions from Palm Beach Motor Yacht Co Pty Ltd ("PBM") arising from the acquisition of PBM on 1 August 2014.
- (ii) Relates to the acquisition of PBM - first cash payment in August 2014 and second & final cash payment in October 2015.
- (iii) Amounts were placed in escrow in July 2014 for the potential earn-out payment if PBM's combined net profits before tax for the years ended 30 June 2014 and 30 June 2015 are equal to or more than AUD2.64 million. The amounts were released from escrow in October 2015.
- (iv) As part of the acquisition, the Group repaid A\$1.5 million for a loan made to PBM.

	<u>31-Mar-16</u>	<u>31-Mar-15</u>
(v) Cash and cash equivalents per statement of cash flows (S\$'000)	14,552	13,999
Restricted cash (S\$'000)	-	4,800
Deposits pledged (S\$'000)	139	1,818
Cash and cash equivalents per the statements of financial position (S\$'000)	<u>14,691</u>	<u>20,617</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

Group	Share capital \$'000	Share-based compensation reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1-Jul-2014	41,251	142	(22,121)	31,693	50,965
Total comprehensive income for the period					
Loss for the period	-	-	-	(2,356)	(2,356)
<i>Other comprehensive income</i>					
Translation differences relating to financial statements of foreign subsidiaries	-	-	(1,601)	-	(1,601)
Total other comprehensive income	-	-	(1,601)	-	(1,601)
Total comprehensive income for the period	-	-	(1,601)	(2,356)	(3,957)
Transactions with owners, recorded directly in equity					
Issue of new shares (i)	1,748	-	-	-	1,748
Receipt of unclaimed dividends	-	-	-	3	3
At 31-Mar-2015	42,999	142	(23,722)	29,340	48,759
At 1-Jul-2015	42,999	190	(25,283)	26,897	44,803
Total comprehensive income for the period					
Profit for the period	-	-	-	1,963	1,963
<i>Other comprehensive income</i>					
Translation differences relating to financial statements of foreign subsidiaries	-	-	(652)	-	(652)
Total other comprehensive income	-	-	(652)	-	(652)
Total comprehensive income for the period	-	-	(652)	1,963	1,311
Transactions with owners, recorded directly in equity					
Equity-settled performance shares	-	108	-	-	108
At 31-Mar-2016	42,999	298	(25,935)	28,860	46,222
Company					
At 1-Jul-2014	41,251	142	(455)		40,938
Total comprehensive income for the period					
Loss for the period	-	-	(348)		(348)
Total comprehensive income for the period	-	-	(348)		(348)
Transactions with owners, recorded directly in equity					
Issue of new shares (i)	1,748	-	-		1,748
Receipt of unclaimed dividends	-	-	3		3
At 31-Mar-2015	42,999	142	(800)		42,341
At 1-Jul-2015	42,999	190	(1,705)		41,484
Total comprehensive income for the period					
Loss for the period	-	-	(445)		(445)
Total comprehensive income for the period	-	-	(445)		(445)
Transactions with owners, recorded directly in equity					
Equity-settled performance shares	-	108	-		108
At 31-Mar-2016	42,999	298	(2,150)		41,147

(i) Represents the estimated fair value of the shares paid in connection with the acquisition of PBMV in accordance with FRS 103 *Business Combinations*.

- 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.**

There were no changes to the Company's share capital during the three months ended 31 March 2016 (31 March 2015: No change).

There were 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 31 March 2016 and 30 June 2015. The Company's share capital consists of 184,034,649 ordinary shares as at 31 March 2016 (31 March 2015: 184,034,649 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.**

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 2015.

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 adoption of the new/amended FRS, which became effective from 1 July 2015, does not have any significant impact on the financial statements.

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 31-Mar-16	3-Month Period Ended 31-Mar-15	9-Month Period Ended 31-Mar-16	9-Month Period Ended 31-Mar-15 (i)
Earnings/(Loss) per ordinary share for the financial period based on net loss attributable to shareholders: -				
- on weighted average number of ordinary shares in issue (cents)	0.20	(0.62)	1.07	(1.29)
- on a fully diluted basis (cents)	0.20	(0.62)	1.07	(1.29)

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	
	Mar-16	Jun-15 (i)	Mar-16	Jun-15
Net asset value per ordinary share based on existing issued share capital at the end of the respective financial period/year (cents)	25.12	24.34	22.36	22.54

(i) Includes contributions from Palm Beach Motor Yacht Co Pty Ltd ("PBMV") arising from the acquisition of PBMV on 1 August 2014.

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 31 March 2016 ("3Q FY2016") more than doubled to S\$17.3 million from S\$6.3 million for the quarter ended 31 March 2015 ("3Q FY2015"), due to more yachts achieving construction milestones for revenue recognition as well as the sale of four inventory yachts.

Gross profit rose to S\$2.4 million in 3Q FY2016 from S\$0.5 million in 3Q FY2015, while gross profit margin increased to 14.1% from 7.9% over the comparative periods. The improvement was a result of initiatives undertaken since the acquisition of Palm Beach Motor Yacht Co Pty Ltd, including the adoption of a factory-direct sales model. Excluding the sale of the four trade-in yachts, gross profit margin would have increased to 18.2%.

Operating expenses – including boat show and marketing costs, as well as salaries and professional fees – came to S\$2.3 million for 3Q FY2016 compared to S\$2.0 million for 3Q FY2015. Selling and marketing expenses increased to S\$1.3 million from S\$0.9 million due to higher broker commissions – as more yachts (including the four trade-in yachts) were sold – as well as boat show and boat demonstration expenses. Administrative expenses amounted to S\$0.9 million while other operating expenses came to S\$0.1 million due to lower professional fees.

Other non-operating expenses were insignificant in 3Q FY2016. The Group had other non-operating income in 3Q FY2015 due to foreign-exchange gains.

The tax credit in 3Q FY2016 was a reversal of a tax provision for a subsidiary company.

As a result of the above, the Group recorded a net profit of S\$0.4 million for 3Q FY2016, reversing a net loss of S\$1.1 million for 3Q FY2015. This marked its third consecutive quarterly profit, enabling the Group to turn in a net profit of S\$2.0 million for the nine months ended 31 March 2016 ("9M FY2016") compared to a net loss of S\$2.4 million for 9M FY2015.

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 came to S\$3.0 million in 3Q FY2016 compared to cash flow generated from operations of S\$1.2 million in 3Q FY2015, primarily due to an increase in inventory and receivables as well as lower payables.

Inventory rose due to an increase in raw materials as well as work-in-progress as more yachts under construction progressed to a later stage of production. In addition, construction of a new model (PB42) was completed in March 2016. This is a demonstration yacht and hence classified as inventory. This yacht was unveiled at the Singapore Yacht Show in April 2016 and will be shipped to the USA for marketing and demonstration purposes. The higher receivables were mainly due to billings totalling approximately S\$1.8 million as construction reached billing milestones, mitigated by receipts of approximately S\$1.4 million from the preceding quarter's billings. The decrease in payables were mainly due to application of customer deposits to billings as construction commenced.

Cash flows used in investing activities totaled S\$1.8 million in 3Q FY2016, mainly due to the capitalization of development costs of new Grand Banks and Palm Beach yacht models. In comparison, cash flows used in investing activities in 3Q FY2015 amounted to S\$0.4 million also mainly due to new model development costs.

As a result, cash and cash equivalents decreased to S\$14.7 million as at 31 March 2016 from S\$20.1 million as at 31 December 2015.

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

In line with its earlier guidance, the Group reported its third consecutive quarterly profit in 3Q FY2016.

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.

Since the acquisition of Palm Beach Motor Yacht Co Pty Ltd in 2014, the Group has been integrating both brands – including all activities relating to sales, marketing, manufacturing and financial reporting. The Group has also introduced new boat models, aligned the utilization of its Australian and Malaysian facilities, adopted a factory-direct sales model and ramped up marketing efforts. In terms of improving manufacturing processes, the Group purchased modern plant and machinery, upgraded building infrastructure and enhanced work-flow. Having returned to profitability in 3Q FY2016 and 9M FY2016 on the back of these initiatives, the Group expects its FY2016 performance to be better than the previous year's.

In 3Q FY2016, the Group received orders for eight new boats – including new designs such as the Grand Banks 44, Grand Banks 60 and Palm Beach 42 – bringing its net order book to a seven-year high of S\$40.0 million as at 31 March 2016. In March alone, the Group secured S\$16.3 million worth of new orders, due primarily to an extremely successful Miami International Boat Show.

Subsequent to 3Q FY2016, the Group showcased the new Palm Beach 42 yacht, alongside the Palm Beach 65, at the Singapore Yacht Show from 7-10 April 2016. This was the first time the Palm Beach brand made its debut in Asia. The Group participated in the Miami International Boat Show from 11-15 February 2016, during which it showcased the new Grand Banks 44. The Group will participate in the Sanctuary Cove Boat Show to be held from 19-22 May 2016 in Gold Coast, Australia.

As announced on 13 April 2016, the Group signed a 30-year land lease renewal for its manufacturing yard in Pasir Gudang, Johor, Malaysia. The new lease expires on 29 October 2052, allowing the Group to continue operating many years from now. 30% of the total renewal consideration of RM18.3 million (approximately S\$6.2 million) has been paid. The remaining 70% will be paid by 21 June 2016 using internal funds and bank borrowings.

The Group is mindful of volatility in foreign exchange rates, in particular, movements of the Malaysian Ringgit (“RM”) and Australian dollar (“AUD”) against the U.S. dollar (“USD”). A significant proportion of the Group's revenues are derived in USD, while manufacturing costs are mostly in RM and AUD.

Despite the challenging economic climate, the Group remains positive about the next 12 months given its strong order book and momentum achieved from various initiatives. The Group will continue to develop new boat designs, extend its marketing efforts and streamline Group-wide internal efficiencies with a view to enhancing shareholder value.

11. Dividend

a) Current Financial Period Reported on 31 March 2016

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 Palm Beach Motor Yachts (“PBM Y”), one of the Group's subsidiary companies. For the period from 1 January 2016 through 31 March 2016, the monthly rental amount paid by PBM Y for use of the manufacturing facility was approximately S\$20,000. 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 third quarter ended 31 March 2016 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
9 May 2016