

14th September 2010

## A LETTER FROM THE CHIEF EXECUTIVE OFFICER

As we prepare for a series of major boat shows both domestically and internationally over the coming months, I wanted to write to you personally to provide a further update on the positive steps we have taken in the ongoing restructure of Riviera.

The past eight months have been an exciting time for Riviera with our sales achievements, launching a new flybridge model design, the announcement of yet another new model for release in early 2011 and the introduction of a new production line at our Coomera facility.

Our firm focus domestically has been on the restructuring of our Coomera plant, our new model development program and our dealer network. In parallel with this work, the fine efforts of our international team have been rewarded with considerable owner and dealer loyalty and significant sales of our exciting new models.

We are now seeking to have our Deed of Company Arrangement (DOCA) recognised in the US under their laws in the same way it is recognised under Australian law. We are undertaking this process to ensure that US creditors' rights are recognised in the same way as they would be under Australian law. US creditors have had the opportunity to participate in the DOCA and Creditors Trust Deed in the same way as Australian creditors.

The process by which to have the DOCA recognised is to make an application to US courts under Chapter 15 of the US Bankruptcy Code.


Please understand that this is not a "new" proceeding, it is merely a request that the US Courts recognise the DOCA process which was officially completed by Riviera in June 2010 and that allows us to complete our restructure of both our Australian and US operations.

You may hear of this action via the media or other sources in the near future as we are entering fresh legal ground under the relatively new Australian/United States cross-border insolvency laws. These new laws have been introduced to promote cooperation and communication between the US and Australian courts and since their introduction in both countries a number of years ago.

We want to reassure you that this application in the US will have no impact on our manufacturing and dealer operations in Australia or our international dealer operations. This is just another step in the restructuring of Riviera.

To understand just how far we have travelled, we would like to take this opportunity to share with you some of our recent milestones from this year that all combine to form our 15 month journey of recovery:

- We staged the world release of our new 43 Open Flybridge with IPS to an expectant market in May this year at Sanctuary Cove International Boat show. Sales at the show totalled over AUD \$20 million in retail value and equated to 19 boats, nine of which were for this exciting new model.
- In July we signed a contract with a proud Riviera owner in Europe to build our next 70 Enclosed Flybridge, hull number six is now under construction. This will be our first 70 in Europe and will certainly showcase our world-class craftsmanship to this discerning market.

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- At Sydney International Boat show in August this year an equally strong result for Riviera was achieved with the sale of 19 boats with a retail value of AUD \$26,246,000.
  - Also at Sydney Boat Show we officially announced our next new model, a 53 Enclosed Flybridge with pod drives and a full beam master stateroom. The market is excited with Riviera's new model direction and we now hold five deposits for this boat that will be launched in March of next year.
  - The news of Riviera's recovery and exciting new model development program is attracting new dealers to our brand and helping us to further expand our international dealer network. Already this year Riviera has appointed new dealers in San Diego California, Seattle Washington, Istanbul Turkey, Stuart Florida and Miami Florida with further appointments to be announced imminently.
  - Just last month we announced the launch of a recruitment drive for new production staff to join our dedicated team as we introduced a new 10-day production line. Our numbers have now grown to 400 people on site at our Coomera facility.
  - Our sales run-rate of new boats in Australia, Europe and the USA has been consistent over the past twelve months at two-and-a-half new boats per week. Indeed our sales from January 1st to August 31st this year have totalled 88 new boats and represents an increase of 20% over the same period last year.
  - As we continue to focus on the future we are also building our senior management team to allow us to grow above building 100 new boats next year. Paul Lyons has joined us as Chief Operating Officer, Neil McCulloch as Chief Financial Officer and Russell Weston as General Manager New Product Development to assist us to achieve our objectives.
  - Our commitment to the market continues with strong resolve. Over the next few months Riviera will be proudly displayed and represented at many major national and international boat shows including Barcelona Spain, Genoa Italy, Cannes France, Fort Lauderdale Florida and closer to home Mandurah Western Australia. At many of these shows we will have our new models exhibited that have so excited Australian and New Zealand boat owners at boat shows earlier this year.

This is an exciting time for us now. The unreserved loyalty and passion of our owners and dealer network is something we hold close and has certainly allowed us to grow again.

I thank for your continued interest and support of Riviera. Of course at any time you wish to discuss any specific matters regarding Riviera please feel contact me directly.

Yours sincerely,



**John Anderson**  
**Chief Executive Officer**  
**Riviera**