



GB

GRAND BANKS.

Worldwide Dealers

CANADA

British Columbia
Grand Yachts Inc.

UNITED STATES

California
Oceanic Yacht Sales
Stan Miller Yachts

Connecticut
Boatworks Yacht Sales

Florida
Ireland Yacht Sales
Hal Jones & Company

Illinois
Larsen Marine

Maine
East Coast Yacht Sales

Maryland
Oxford Yacht Agency

Rhode Island
Boatworks Yacht Sales
East Coast Yacht Sales

Texas
Jay Bettis & Company

Washington
Passagemaker Yachts

SOUTH AMERICA

Venezuela
CHK Agencia Nautica

EUROPE

Denmark
DBC Marine

Finland
OY Yxpila Boat Yard

Italy
Giaroli sas

Netherlands
Kremer Nautic BV

Norway
Thor R. Nilsen AS

Sweden
Marinmaklarna AB

United Kingdom
Boat Showrooms

ASIA

Japan
SHI Resort Development, Ltd.

AUSTRALIA

Queensland
Grand Banks Yachts Australia

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The Grand Banks Difference

Grand Banks Yachts Limited (“GB” or “the Company”) was established in 1956 in Hong Kong under the name American Marine Ltd. Today, the Company is headquartered in Singapore and has another larger facility in Malaysia. Supported by a total work force of about 1,250 employees, Grand Banks has an average annual production capacity of approximately 100 boats.

There are many different qualities that shape a Grand Banks yacht and distinguish it from any other: the heritage of our company, the philosophy behind our designs, and the people who bring exceptional skill and experience to every boat we build.

Since the launch of the first GB36 over forty years ago, our yachts have evolved through constant progress and improvement. Hundreds of small refinements and major enhancements over the years have made each Grand Banks a better boat. Yet the very fundamentals of a Grand Banks—beauty, craftsmanship, reliability, seaworthiness, and timeless design—remain the same.

This philosophy is evident in every yacht we build, from the ageless and seakindly design of the Heritage Series, to the tasteful, sophisticated lines of the Eastbay Series, to the gracious and proudly nautical profile of the Aleutian Series. It is the reason Grand Banks yachts have become such icons around the world, and why they continue to meet the high standards of discerning boaters today.



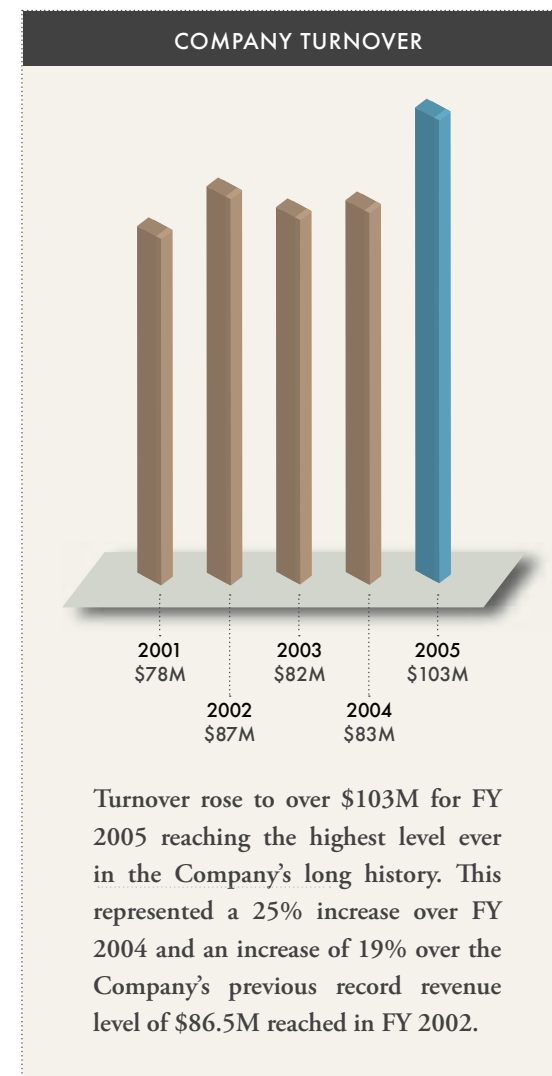
There are many different qualities that shape a Grand Banks yacht and distinguish it from any other.

Financial Highlights

Historical Financials (31 March)					
(ALL FIGURES IN S\$000)	2001	2002	2003	2004	2005
TURNOVER	77,532	86,521	82,339	82,666	103,010
PROFIT BEFORE TAX	10,918	9,117	9,087	6,279	7,131
PROFIT AFTER TAX	11,251	9,652	8,824	6,532	6,725
CASH & CASH EQUIVALENTS	15,963	14,270	10,064	19,775	10,739
TOTAL ASSETS	70,687	81,786	81,711	86,501	88,124
DEBT	163	595	1,114	0	0
NET ASSET VALUE	56,866	65,872	70,890	72,388	73,133
TOTAL GROSS DIVIDEND	1,816	2,578	2,587	6,174	3,039

Per Share Statistics (31 March)					
(ALL FIGURES IN CENTS)	2001	2002	2003	2004	2005
EARNINGS AFTER TAX	14.9	12.8	11.6	8.6	8.9
GROSS DIVIDEND	2.40	3.40	3.40	8.125	4.00

Note: For comparative purposes, the figures for FY 2003 have been restated to comply with the new or revised accounting standards that the Company adopted in FY 2004. No restatements have been made for fiscal years 2001 and 2002.



Chairman's Statement



Robert W. Livingston
Chairman

2005 HIGHLIGHTS

2005 was an exceptional year for Grand Banks with total revenues in excess of S\$103 million—the highest ever in the history of the Company. This marks a considerable gain over last year's performance, up S\$20 million from S\$82.6 million in 2004.

This increase was driven by the rise in overall demand for new boats in the U.S. and fueled in part by the successful launch of two new models by Grand Banks. At the same time, the Company faced ever-increasing competition in a marketplace that was also forced to deal with twenty-year highs in the price of oil—which in turn drove up the cost of materials. While the Company passed through a surcharge to dealers and customers to offset these increases, we will continue to keep a close watch on how we can keep future cost hikes in check.

In addition, 2005 saw fluctuations in currency values that influenced demand in Europe and continued to impact the Company's financial reporting of U.S. sales in Singapore dollars.

Despite these challenges, I remain optimistic about our ability to improve upon the successes of 2005 in the coming year. We will continue to improve the characteristics of every boat we build, and by introducing new models and dealers, we will maintain our commitment to satisfy the needs of a loyal and discerning customer base.

NEW NAME

As we strive to continue the improvement of operations and practices to better serve our customers, shareholders, worldwide dealer network, and employees, every aspect of our business is subject to evaluation—including our name.

Customers have always known us as Grand Banks; yet to shareholders we have been GB Holdings Limited. The appropriate course was to align these identities, which we officially accomplished on July 14, 2004. The new name, Grand Banks Yachts Limited, best reflects who we are to all of our stakeholders.

NEW MODELS

During the past year, Grand Banks built and introduced a new flagship yacht, the 70 Aleutian CP. An extension of our renowned raised pilothouse series, the 70CP is the largest and most luxurious yacht in Grand Banks' rich history. Most importantly, the 70CP embodies Grand Banks' legacy of quality and seaworthiness, and the reception it has received from critics and customers alike has been outstanding. Cover stories in *Yachting* and *Sea* magazines, along with coverage in several other publications, has helped to drive demand and bolster the Company's image as a leader in quality power yachts.

In the summer of 2004, Grand Banks launched the 47 Eastbay FB, an exciting new addition to the Company's top-selling Eastbay

Series. Designed for active couples and families, the 47FB reflects the new level of speed, performance, and sophistication Grand Banks has brought to its fleet. The 47FB garnered an enthusiastic response among the public and press, alighting on the covers of *Sea* and *Motor Boating* magazines and gaining wide coverage in the major powerboat publications.

In October 2004 the Company introduced the 54 Eastbay SXe at the Genoa International Boat Show. With features popular in and around the Mediterranean—including a sun pad, sun roof, passerelle and crew's quarters—it marked the first Grand Banks designed and built specifically for the European market. Even among the sleek Italian speedboats, the 54SXe turned many heads at the show, with press hailing the new Grand Banks as “solida e bella.”

NEW DEVELOPMENTS

In addition to these new model launches, the Company maintained a brisk pace in the development of an inspired new lineup for the coming year. Slated for release in Q3 FY06 is the much-anticipated 59 Aleutian RP. Designed in the Aleutian style by legendary naval architects Sparkman & Stephens, the 59RP shines with restyled interiors and a host of luxury appointments throughout. Based on the number of advance orders and the excitement among customers and dealers, the 59RP appears poised to hit a “sweet spot” in the market for yachts of this size and quality.

The most significant new development, however, is the summer 2005 launch of the Grand Banks 44 Heritage EU. More than four decades after its progenitor, the iconic GB36, first hit the waters and set the pace for quality cruising yachts, the 44EU marks a new and vital evolution of the Heritage Series. Designed and built to match the lifestyle—and power preferences—of today's cruising families, the expectations are high for the success of this all-new Grand Banks.

The launch of the 44EU will also mark the retirement of another boating icon, the GB42. With 1,560 hulls produced, the last hull will be ceremoniously completed and shipped to its proud owner in June 2005. It's expected to join the hundreds of others still in service, logging countless miles for happy owners around the world.

NEW PEOPLE

Grand Banks is always on the lookout for talented people to join the management team in leading the Company into the future. Most recently, a new production specialist was hired to serve as the Plant Director for Malaysian Operations. In August 2004, the Company appointed a new Chief Financial Officer and a new Marketing Communications Director. In addition, a Special Projects Manager was hired to help Grand Banks secure additional manufacturing capacity, while a new Regional Sales Manager was appointed to oversee the crucial Northeast U.S. region. Grand Banks also added a second member of the management team, Executive Vice President Robert Livingston II, to its Board of Directors.

Each of these individuals has already made significant contributions to the Company, and I have high expectations that they will continue to do so in the future.



Chairman's Statement, cont'd

NEW MARKETING MATTERS

Marketing has stepped up its efforts to advance the Grand Banks identity as a luxury brand, driving new product awareness through increased media visibility. The year saw a considerable increase in media relations and publicity for the Company, along with successful new product launches and marketing support at boat shows worldwide.

One of the most visible and important examples of this continuing progress is the newly designed Grand Banks web site, launched at the end of the fiscal year. As consumers turn in growing numbers to web sites during the yacht buying process, the new site aims to better support active shoppers and build brand relationships with casual browsers.

Another important marketing initiative is the Company's market research program, spearheaded by our new Marketing Communications Director. Through the rigorous collection and analysis of sales data, competitive developments and consumer information, Grand Banks is now better equipped to anticipate trends and work proactively to increase sales and market share.



NEW SALES INITIATIVES

Two years ago we embarked on a new course to rethink our sales and distribution strategy. Since that time Grand Banks has deployed several key new programs and people in an effort to increase sales efficiency and to more effectively control the ordering, stocking, payment and sale of new boats.

Currently, dealers and customers may face a wait of up to a year or more to take possession of a new Grand Banks yacht. To address this issue, the Company introduced a program that enables dealers with new boat orders to negotiate with other dealers who have a production slot but no retail customer. As a result, dealers now are able to go online to ascertain what boats are in stock at other GB dealers, and can work between themselves to ultimately help deliver Grand Banks boats into the hands of new owners as quickly as possible.

Grand Banks is also forging new agreements with the members of its dealer network to better reflect the manner in which both parties operate to support the needs of the customer, the dealership, and the Company's long-term objectives. At the heart of this agreement is the 5-Star Dealer program, a new dealer incentive policy that awards discounts and cash rebates to dealers who meet stringent sales performance, stocking, ordering, marketing and financial criteria. The 5-Star program also includes a new Customer Satisfaction Index (CSI) program administered by the National Marine Manufacturers Association. By using customer surveys to grade dealer performance at the time of sale, and then again eight months later, the program qualifies Grand Banks under the NMMA's stringent Builder's Certification Program.

Finally, we have also reshaped our sales territories in the U.S., bringing aboard some highly qualified new personnel in both service and sales management positions. Given

“We believe markets that have historically contributed only marginally to Grand Banks’ success may emerge as growth areas for the Company going forward.”



the increased sales activity that has followed our recent new model introductions, these changes have better positioned Grand Banks to manage the demands of sales, service and customer support across our dealer network.

NEW IDEAS FOR THE FUTURE

It is important that Grand Banks continue to move forward as a company to introduce new boats, new features, new manufacturing processes and new incentives for dealers and their employees. The Company has ambitious plans to bring more Grand Banks product to the marketplace in coming years—either through outsourcing production of one or two new models or by locating an additional manufacturing facility to better serve the ever-expanding demand for high quality cruising yachts worldwide.

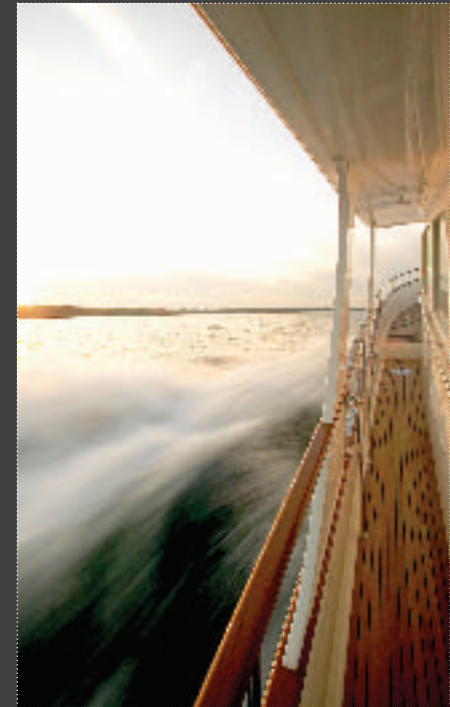
We believe markets that have historically contributed only marginally to Grand Banks’ success may emerge as growth opportunities for the Company going forward. To complement our strong customer base in both the U.S.

and Europe, you will soon find Grand Banks increasing its presence in more and more regions around the globe—first in counties like Australia, and expanding over time to regions such as the Eastern Mediterranean, Middle East and Far East.

We have much to accomplish, but with the support and assistance of Grand Banks shareholders, customers, dealers, partners and employees, I look forward to working with all of you to make our plans a reality so that we can continue the fine Grand Banks tradition that has served the worldwide yachting community for nearly 50 years.

Handwritten signature of Robert William Livingston in cursive.

Robert William Livingston
Chairman



Operations Review

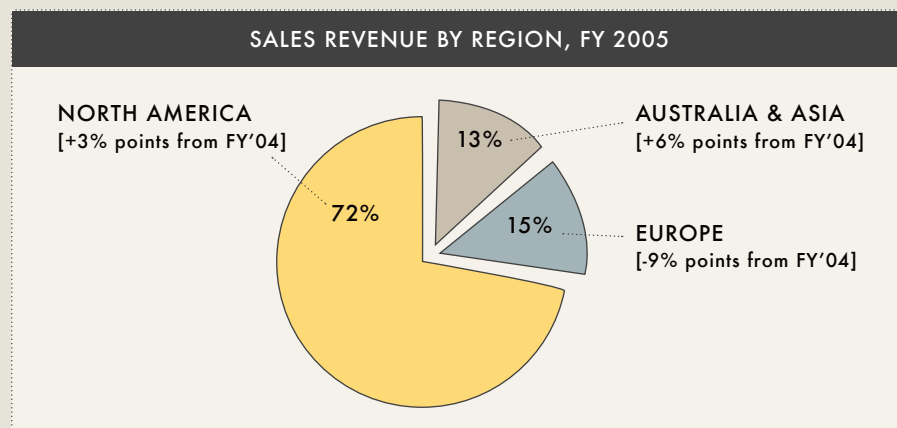
OUTPUT

In fiscal year (“FY”) 2005, Grand Banks had record revenues while producing and selling a total of 85 boats. This highlights a significant shift in production over the past several years, wherein the Company has produced yachts in smaller numbers but of greater size. In FY 2002, for instance, Grand Banks produced 94 boats and generated approximately S\$87 million in revenues. By changing to meet the growing consumer demand for larger yachts, the average price of each boat sold to the dealer has increased from S\$922,000 in FY 2002 to approximately S\$1.2 million in FY 2005.

GEOGRAPHY

The U.S. continues to be the most fertile territory for GB yacht sales. In FY 2004, North America accounted for approximately 69% of the Company’s revenue. This year it accounts for over 72%, while Europe has fallen from representing approximately 24% of revenues to about 15% during the same period. Asia and Australia have also improved, from approximately 7% in 2004 to 13% in 2005.

In an attempt to bolster sales in Europe, the Company will be setting yacht prices in U.S. dollars for the coming fiscal year, leveraging a strong Euro to help dealers move more product.

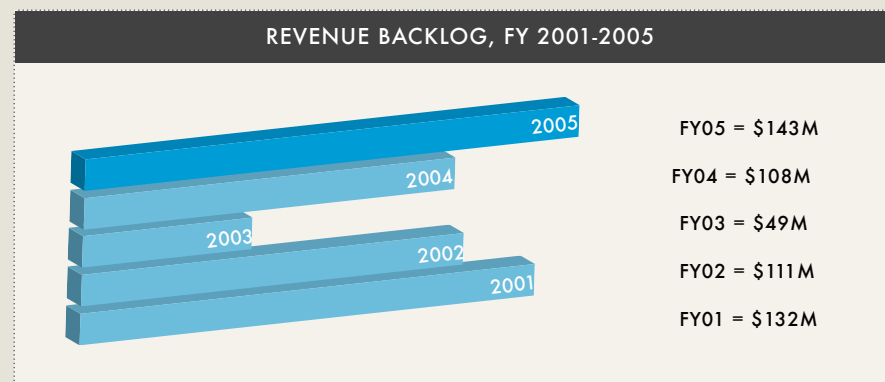


MANUFACTURING

GB manufacturing must continually manage a variety of critical issues, from the rising price of oil to the increasing complexity of the propulsion systems we install on each yacht. While meeting these challenges, both plants remain committed to improving quality every day on every yacht, meeting our customers’ needs as fully and expertly as possible. Managers and staff constantly evaluate operations for process improvements that will enhance both quality and efficiency.

For example, the Company’s Malaysian plant recently employed a new resin and application technique that reduces the time to complete a hull for a new boat—while making the end product stronger and more durable as well. In other areas, GB procurement professionals continue to seek alternative suppliers in an effort to mitigate increasing costs.

Lastly, while predicting customer demand for high-end yachts is rife with uncertainty, it is Management’s belief that Grand Banks should increase its production capacity. This recommendation is based in large part on the Company’s backlog at 31 March, 2005, which was 91 yachts on order worth a total of approximately S\$140M spread over the next 36 months. This can be achieved either by expanding the existing Malaysian facility, developing a site for a new plant, or outsourcing certain production requirements to other specialty plants in various locations around the world.



FINANCE

Of the many issues facing the Finance group today, three of the most important are currency fluctuations, taxes and dividends.

Currency

Given that the substantial majority of our product sales are in U.S. dollars, the weakening of that currency over the past year has reduced the Company's reported turnover. Furthermore, Grand Banks has many expenses denominated in Singapore dollars. We are now working with our local banks to utilize techniques aimed at mitigating these issues. However, it is difficult for us to predict future changes and how they will impact our financial performance.

Taxes

The Company's Malaysian subsidiary has benefited over the past ten years from a special pioneer status incentive in Malaysia that enabled Grand Banks to generate tax-exempt profits in exchange for building a facility that today employs approximately 1,000 people. This incentive expired as expected, and the subsidiary will be taxed at the prevailing corporate rate in Malaysia going forward.

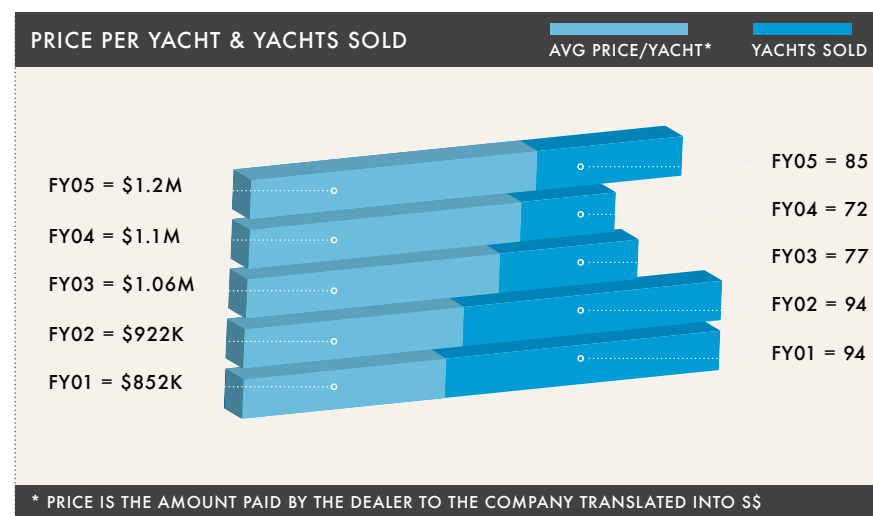
Dividends

The Board has deliberated extensively by considering the Company's capital requirements—both today and going forward—as well as our cash position, certain uncertainties such as worldwide economic outlook, and the Section 44 tax franking credits available to some shareholders. As a result, for the financial year ended 31 March 2005, the Board has recommended a dividend of 4.0 cents per share (less tax of 20%). This dividend is subject to the approval of its shareholders at the forthcoming Annual General Meeting.

INDUSTRIAL RELATIONS

Grand Banks continues to have a positive relationship with the labor union in our Singapore plant. In May of 2005, the Company's human resources specialist in Singapore was invited by our local union representative to visit with the Tripartite Taskforce (comprised of representatives from the Ministry of Manpower, the Singapore National Employers' Federation, and the National Trade Union Congress) so that all parties could address the issue of employing elderly workers.

Although Grand Banks does not have a union at the Malaysian facility, the Company established a working committee comprised of key factory employees. The committee meets regularly with our human resources specialist and plant director in Malaysia to deal with both employee-related issues and plant productivity.



Operations Review, cont'd

PEOPLE

Grand Banks recognizes that each and every employee, including those of its worldwide dealers, is critical to the overall success of the Company. To ensure that they are equipped to tackle the challenges and opportunities that we face every day, Grand Banks provides continual learning for all employees. For example, the Company recently completed the annual service center training program in Singapore and Malaysia. Representatives from all of our authorized service centers are informed and educated to remain up to date on each model, helping them to provide the best possible service to our customers worldwide.

In addition, our Malaysian facility, in conjunction with local government and school officials, has created a new training program for apprentice employees from government technical schools. After receiving on-the-job training in a variety of trades employed at our plant, those who successfully graduate are given the opportunity to put these skills to work as full-time employees. The first class of this dynamic new program concludes in June of 2005; approximately 50 people are expected to graduate, with many expected to join the Company thereafter.

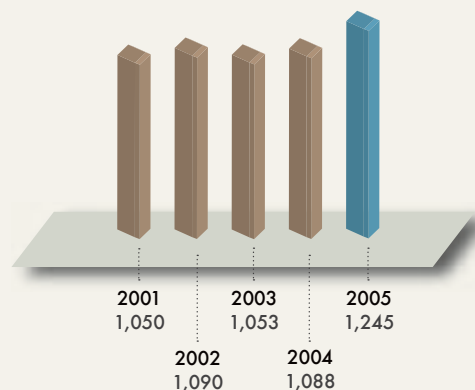
SAFETY

Grand Banks is dedicated to operating in a manner that protects the safety of all our employees. We employ a full-time safety officer at each plant to conduct monthly safety inspections in addition to daily patrols and a yearly independent audit of safety procedures. The Company also continually updates employees on safety policies through our in-house newsletter and an annual in-house Safety Awareness course, both of which are supplemented by external training by the Ministry of Manpower in Singapore and the Ministry of Human Resources in Malaysia.

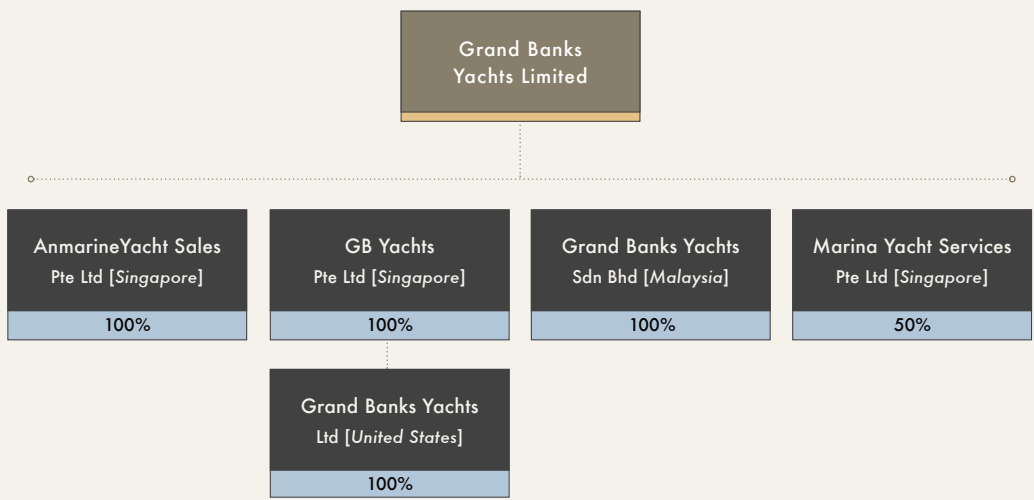
MOVING AHEAD

The entire management team at Grand Banks is committed to meeting the challenges and opportunities ahead in an ethical and transparent manner. With continued dedication and hard work we are certain that our next decade of operations can be as exciting and productive as the last ten years.

GB EMPLOYEES, FY 2001-2005



Company Organization



SELECTED PROFILES

Wong Yung Pine (Singaporean, 55)
Plant Director, Singapore Operations

Mr. Wong holds a Bachelor of Science (Engineering) from the Hong Kong University and a Diploma in Management Studies from the Hong Kong Polytechnic.

Joining American Marine Ltd, Hong Kong as a student engineer in 1971, he subsequently became its Assistant Production Engineer until it closed its operations in 1975. Thereafter, from 1975 to 1988, he held a wide range of management and executive positions in the Hong Kong boat building industry.

He re-joined the Company's Singapore operations in 1988 as its Engineering Manager and was promoted to Plant Director in 1994. In his current capacity, he is responsible for the entire operations of the factory. He is also involved in product development.

Phil Lin (Malaysian, 50)
Plant Director, Malaysian Operations

Mr. Lin holds diplomas in Mechanical Engineering, Industrial Management, and Business Administration in addition to a degree in Financial Management.

In his current capacity, he is responsible for the overall operations of the Malaysian factory including production and quality control. He will also join the Product Development Committee. He is also an avid yachtsman who has traveled over 6,000 nautical miles in Southeast Asia.

Although Mr. Lin joined the Company's Malaysian operations in May 2005, he is not new to Grand Banks, having previously worked at the Singapore production facility for 18 years. He initially started at the Company as a Design Engineer and ultimately rose to the position of Plant Director, Singapore, in 1987.

MANAGEMENT TEAM

Robert W Livingston (American, 64)
Chief Executive Officer

Robert W Livingston II (American, 35)
Executive Vice President

Peter Poli (American, 43)
Chief Financial Officer

Wong Yung Pine (Singaporean, 55)
Plant Director, Singapore Operations

Phil Lin (Malaysian, 50)
Plant Director, Malaysian Operations

Neil B McCurdy (American, 42)
Vice President of Sales

Peter Poli (American, 43)
Chief Financial Officer

Mr. Poli holds an MBA from Harvard Business School and a BA in Economics and Engineering from Brown University.

He is responsible for fiscal planning, financial reporting, investor relations and will also lead the evaluation of strategic business opportunities for Grand Banks.

Prior to joining the Company, Mr. Poli spent twelve years in the securities business, the last three of which as the CFO for a Morgan Stanley subsidiary. He also served as the CFO of specialty retailer FTD, taking the company public in 1999. Subsequently, he became the CFO for a venture capital-backed startup in Chicago that was later sold to a competitor.

Board of Directors



Photo (from left to right)

Robert Livingston II, Robin Langdale, Robert Livingston, Frank Schulz-Utermoehl, Reggie Thein, Gerald Minjoot

Robert William Livingston

*Executive Chairman
Chief Executive Officer*

Roger "Robin" Gaimster Langdale

*Member of Audit Committee
Member of Nominating Committee*

Gerald Maxmillian Minjoot

*Chairman of Remuneration Committee
Member of Audit Committee
Member of Nominating Committee*

Robert William Livingston II

*Executive Vice President
(Appointed to the board July 9, 2004)*

Frank Schulz-Utermoehl

*Chairman of Nominating Committee
Member of Remuneration Committee*

Reggie Thein

*Chairman of Audit Committee
Member of Remuneration Committee*

Robert William Livingston (American, 64)

*Executive Chairman
Chief Executive Officer*

Mr. Livingston is a founder member and has been on the Board since 1976. He was last re-elected to the Board on 12 August 2002. He joined American Marine Ltd. in 1972 as its Treasurer. Relocating to Singapore in 1974 to manage the Singapore plant, he was subsequently elected the President of the company following a management buyout in 1975.

Over the last 30 years, under his leadership, the company has designed, developed, built and exported over 5,000 yachts to a network of dealers world-wide. Today, the company is renowned as a builder of high quality classic yachts. He is a Certified Public Accountant and holds a Bachelor of Science (major in Accounting) from Minnesota State University, USA.

Gerald Maxmillian Minjoot (Singaporean, 61)

*Independent Director
Chairman of Remuneration Committee
Member of Audit Committee and Nominating Committee*

Mr. Minjoot was appointed to the Board on 28 April 1987. He was last re-elected to the Board on 12 August 2002.

He is a Managing Director of Greendale Investments Pte. Ltd., Director of GH Clan Ltd., an Independent Director of Kim Eng Holdings Ltd., and Chairman/Director of the Foundation of Rotary Clubs (S) Ltd. He is also the Assistant Treasurer of the Cancer Society of Singapore and is the President of the Eurasian Association. He holds a Bachelor of Science degree from the University of Singapore.

Frank Schulz-Utermoehl (German, 63)

*Independent Director
Chairman of Nominating Committee
Member of Remuneration Committee*

Mr. Schulz-Utermoehl was appointed to the Board on 18 October 1999. He was last re-elected to the board on 14 August 2003.

He was formerly the Group Managing Director of the MHE-Demag Group of Companies. Under his more than 32 years of leadership, the MHE-Demag Group has established itself as one of the leaders in material handling equipment throughout the ASEAN region. He is the Vice-Chairman of the Board of Jebsen & Jessen (SEA) Pte. Ltd. and holds a Bachelor Degree of Mechanical Engineering from the University of Koblenz, Germany.

Reggie Thein (Singaporean, 64)

*Independent Director
Chairman of Audit Committee
Member of Remuneration Committee*

Mr. Thein was appointed to the Board on 16 July 2001. He was last re-elected to the Board on 9 July 2004.

He is a director of GuocoLand Limited, BIL International Limited, MFS Technology Limited, FJ Benjamin Holdings Limited, Haw Par Corporation Limited, MobileOne Limited, Keppel Telecommunications & Transportation Limited, Lindeteves-Jacoberg Limited, and Ascendas Pte Ltd. He is a Council Member of the Singapore Institute of Directors. He retired from Coopers & Lybrand, legacy firm of PricewaterhouseCoopers, as a senior partner in 1999 after 37 years with the firm. He was Vice Chairman of Coopers & Lybrand and Managing Partner of its management consulting services firm. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Certified Public Accountants of Singapore.

Robin Gaimster Langdale (Singaporean, 69)

*Independent Director
Member of Audit Committee and Nominating Committee*

Mr. Langdale was appointed to the Board on 11 November 2003. He was last re-elected to the Board on 9 July 2004.

He is the proprietor of Langdale Management, providing consulting services in the areas of commercial financial management and corporate governance. He was formerly the Chief Financial Officer and Executive Director of The North Borneo Timbers Bhd and a Partner in Peat Marwick Mitchell & Co, legacy firm of KPMG. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Certified Public Accountants of Singapore, the Malaysian Association of Certified Public Accountants and the Singapore Institute of Directors.

Robert William Livingston II (American, 35)

Executive Vice President

Mr. Livingston was appointed to the Board on 9 July 2004.

He holds a Master of Business Administration from Duke University, USA. He also holds a Bachelor of Science in Business Administration from Georgetown University, USA with a double major in Finance and International Management.

As EVP, he is responsible for sales, marketing, dealer management, and service. He also worked for Grand Banks from 1993 to 1995. He has also spent time with Dean Witter, America Online, Morgan Stanley, and aQuantive in various investment banking and business development positions.

Heritage Reborn

Since the first launch of our Heritage Series over forty years ago, Grand Banks has set the pace for quality cruising yachts. This year, we're cranking it up a few knots—and then some—with the introduction of the all-new 44 Heritage EU.



This new addition to the Heritage Series was designed to maintain much of the classic profile of the original GB42. But looks can be deceiving: there are plenty of new surprises on board, starting with a high-performance deep-V hull by legendary naval architects Sparkman & Stephens. Riding smooth and trim at 22+ knots, this all-new Grand Banks is expertly built for the ultimate cruising experience—at any pace you choose.

At the same time, the stalwart 42 that launched generations of proud boat owners is being retired after an amazing 1,560 hulls in production. With the new 44EU, Grand Banks has addressed the growing need to provide customers with a modern vessel that can accommodate increasing demands for speed, luxury, and performance—borne from the identity and classic good looks that made the 42 a leader for four decades.



*The most successful production
cruising yacht of all time undergoes the
most significant change in its history.*



A Grand Flagship

The introduction of the 70 Aleutian CP, the largest and most luxurious yacht in the GB fleet, signified a watershed moment in the history of Grand Banks. A 70-foot raised pilothouse blue-water cruiser with the ageless and unmistakable lines of a Grand Banks, she debuted in October 2004 to wide acclaim at the Fort Lauderdale International Boat Show. The 70CP was quick to grace the covers of *Yachting* and *Sea* magazines, garnering glowing reviews in several other U.S. and international publications as well.

Gorgeous and gracious above the waterline, the 70CP is a powerhouse below, reaching speeds above 25 knots in safety and comfort. Unveiled as an extended version of the 64 Aleutian RP, the extra cockpit, redesigned crew's quarters, improved performance and longer waterline amount to a winning combination—as evidenced by the seven hulls already slated for production.



EDITORIAL PRAISE

“The spacious layout and long list of standard features raise the bar for bluewater cruisers. The company’s latest flagship is the largest, fastest and most luxurious of its Aleutian Series, and passage-making now has a new standard for exceptional quality.”

– Tom Thompson, *Sea* (03/05)

“I also gained a new appreciation for the work of Grand Banks’ craftsmen ... As beautiful and exquisite as the built-in furniture and cabinetry looked, it sounded even better.”

– John Woolridge, *Yachting* (02/05)

The Online Experience

For years Grand Banks has recognized the growing role of the Internet in the elaborate process of selecting and purchasing a cruising yacht. Our web site has been a destination for thousands of boat buyers, from the casual browser to the serious customer. We also recognize that as a marketing platform, the web is constantly evolving—as are consumer expectations.

To operate at a level consistent with other luxury brands, as well as our own high standards, the Company recently invested time and resources to rebuild the web experience at GrandBanks.com. The all-new design features improved navigation, expanded content, and a richer media experience that better informs owners and prospective buyers about our company and our yachts.

The most important and exciting new addition to our web site is *The GB Difference*, an interactive feature that uses multimedia content to illustrate the unique hallmarks and heritage behind every boat we build. In one part of the program, web site users can take a “virtual tour” of our factory in Malaysia that follows each step of our boat building process. Users can also hear straight from GB owners in a series of video testimonials, or watch movies of our new yachts in action. An interactive timeline tells the key milestones in the storied history of Grand Banks, while other chapters illustrate unique features and philosophy behind our iconic designs.

The GB Difference marks the start of a series of interactive features coming to our web site over the months and years ahead. As with our yachts, the Company will strive to offer users the best and most rewarding experience possible at GrandBanks.com.



Image Gallery

View beautiful wide-screen interior and exterior photos of all models.



Key Features

Understand some of the finer points of GB quality in every yacht.



Multimedia Programs

Take a factory tour, watch new boat videos, hear testimonials and more.



360° Tours

Feel like you're aboard as you take a virtual tour through a Grand Banks.

Statement of Corporate Governance

The Directors of Grand Banks Yachts Limited (the “Company” or the “Group”) are committed to maintaining a high standard of corporate governance within the Group. The Company has adopted the principles set out in the Code of Corporate Governance (the “Code”) established by the Corporate Governance Committee and the relevant sections of the Listing Manual issued by the Singapore Exchange Securities Trading Limited (“SGX-ST”).

This statement outlines the Company’s main corporate governance practices that are in place. Where there are deviations from the Code, appropriate explanations are provided.

Board of Directors *(Code of Corporate Governance Principles 1, 2, 3, 4, 6 & 10)*

Robert William Livingston *(Chairman)*
 Robert William Livingston II *(appointed on 9 July 2004)*
 Roger Gaimster Langdale
 Gerald Maxmillian Minjoot
 Reggie Thein
 Frank Schulz Utermoehl

The Board of Directors consists of two executive directors and four independent directors. The Board meets regularly throughout the year. The Board sets the overall strategy of the Group as well as policies on various matters including financial control, reviews the Group’s financial performance and establishes risk management procedures.

The Board’s four independent directors are respected professionals drawn from a broad spectrum of expertise and provide a balance of views at Board meetings. Details of the Directors’ academic and professional qualifications and other appointments are set out on page 13 of this Annual Report.

The role of the Executive Chairman is not separate from that of the Chief Executive Officer. There is adequate accountability and transparency as independent directors make up the majority of the Board. The Board is able to exercise its power objectively and independently from the management. However, succession planning is being considered and eventually the two roles will be separate.

In accordance with the Company’s Articles of Association, one-third of the Board including the Executive Chairman is subject to re-election annually. The directors named below are retiring and being eligible, offer themselves for re-election at the next annual general meeting.

Board Member	Date of Appointment	Date of Last Election
Robert William Livingston	8 June 1976	12 August 2002
Gerald Maxmillian Minjoot	28 April 1987	12 August 2002
Robert William Livingston II	9 July 2004	N/A

The directors are provided with adequate and timely information prior to meetings and on an on-going basis to enable them to fulfill their duties. The directors have separate and independent access to the Company’s senior management and the company secretary. The directors, either individually or as a group, may seek independent professional advice if necessary at the expense of the Company.

The directors continuously update themselves on new laws, regulations and changing commercial risks.

The number of Board and Committees meetings and the record of attendance of each director during the financial year ended 31 March 2005 are set out below:

Name	Board of Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Nominating Committee Meetings	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Robert W Livingston	8	7	N/A	N/A	N/A	N/A	N/A	N/A
Robert W Livingston II*	8	4	N/A	N/A	N/A	N/A	N/A	N/A
Roger G Langdale	8	8	4	4	N/A	N/A	1	1
Gerald M Minjoot	8	8	4	4	3	3	1	1
Reggie Thein	8	8	4	4	3	3	N/A	N/A
Frank S Utermoehl	8	6	N/A	N/A	3	2	1	1

N/A - Not applicable as not a member of the Committee

* Appointed to the Board on 9 July 2004 and eligible to attend only five meetings

The Board has established a Nominating Committee, a Remuneration Committee and an Audit Committee to facilitate the discharge of certain of its responsibilities.

Nominating Committee *(Code of Corporate Governance Principles 4 & 5)*

Frank Schulz Utermoehl *(Chairman)*
 Roger Gaimster Langdale
 Gerald Maxmillian Minjoot

Statement of Corporate Governance, *cont'd*

The Nominating Committee whose terms of reference are approved by the Board comprises three independent directors. It meets at least once a year.

The role of the Committee is to make recommendations to the Board on all Board appointments and on the composition of executive and independent directors of the Board. It is also charged with the responsibility of re-nominating directors who are retiring by rotation as well as determining annually whether or not a director is independent. It assesses the effectiveness of the Board as a whole and the contribution of each individual director to the effectiveness of the Board. It proposes objective performance criteria to evaluate the Board's performance. Such criteria include directors' attendance at meetings, their knowledge of the business of the Company, contribution during discussions and willingness to keep up to date with developments in business and legislation.

The number of shares held, directly and indirectly, in the Company as at 31 March 2005 by each director is listed below

Directors	Number of Shares
Robert William Livingston	21,943,344
Robert William Livingston II	1,100
Roger Gaimster Langdale	20,000
Gerald Maxmillian Minjoot	138,000
Reggie Thein	4,000
Frank Schulz Utermoehl	1,000

Remuneration Committee *(Code of Corporate Governance Principles 7, 8 & 9)*

Gerald Maxmillian Minjoot *(Chairman)*
Reggie Thein
Frank Schulz Utermoehl

The Remuneration Committee whose terms of reference are approved by the Board comprises three independent directors. It meets at least twice a year.

The role of the Committee is to review and make recommendations to the Board on remuneration packages and policies applicable to the Chief Executive Officer (CEO), the independent directors and the senior executives of the Group.

In reviewing and determining the remuneration packages of the CEO and the senior executives, the Committee considers their responsibilities, skills, expertise and contribution to the Group's performance and if the remuneration packages are competitive and sufficient to ensure that the

Group is able to attract and retain executive talent.

The Committee has access to external expert advice if required.

The tables below show the remuneration bands of the Directors and the top five senior executives of the Group who are not directors.

Remuneration of Directors	Number of Directors	
	2005	2004
Remuneration Bands		
\$500,001 and above	1	1
\$250,001 to \$500,000	1	0
\$250,000 and below	4	4

Directors' fees are subject to shareholders' approval at the Annual General Meeting. The son of the Executive Chairman is an Executive Director and his annual remuneration exceeds \$150,000.

Remuneration of Top Five Senior Executives *(who are not Directors)*

Remuneration Bands	Number of Senior Executives
\$250,001 to \$500,000	3
\$250,000 and below	2

Audit Committee *(Code of Corporate Governance Principle 11; Listing Manual Rule 1207(6)(b))*

Reggie Thein *(Chairman)*
Roger Gaimster Langdale
Gerald Maxmillian Minjoot

The Audit Committee comprises three independent directors who are appropriately qualified to discharge their responsibilities and functions under the terms of reference approved by the Board. It meets four times a year.

The Committee reviews the effectiveness of the Group's material internal controls including financial and operational controls, and risk management. It receives reports from management, the internal and external auditors and follows up on outstanding matters contained in those reports where appropriate. It reviews the Group's interim and annual announcements and financial statements before they are submitted to the Board for approval. It reviews the Group's compliance with the Listing Manual and Code of Corporate Governance including interested person transactions. It also recommends the appointment of the external auditors and reviews their independence and their fees.

The Committee has full access to and the cooperation of the management to enable it to properly discharge its responsibilities. The internal and external auditors have unrestricted access to it.

The Committee has reviewed the non-audit services provided by the external auditors and these services, in its opinion, would not affect the independence of the external auditors. The Committee recommends their re-appointment.

Internal Control *(Code of Corporate Governance Principle 12)*

The Board, with the assistance of the Audit Committee, ensures that the Group maintains an adequate system of internal controls to safeguard shareholders' investments and the Group's assets. The internal controls provide reasonable but not absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. Reviews and tests of the internal control procedures and systems are carried out by the internal auditor. The Board is thus satisfied with the adequacy of the Group's internal controls

Internal Audit Function *(Code of Corporate Governance Principle 13)*

The internal audit function is currently carried out by an Internal Audit Manager who reports to the Chairman of the Audit Committee. The Audit Committee reviews and approves the annual internal audit plan as well as reviews the results of the regular audits. The Board is satisfied with the adequacy of the internal audit function and is confident it has an appropriate standing within the Group.

Communication with Shareholders *(Code of Corporate Governance Principles 14 & 15)*

The Company makes all necessary disclosures to the public via SGXNET.

Shareholders of the Company receive the Annual Reports and notices of Annual General Meetings (AGMs) which are also advertised in the newspapers at least 14 days prior to the AGMs. The Board encourages shareholders' participation at the AGMs. Members of the Board and chairmen of the Board committees are present to answer queries raised at the meetings.

Dealing in Securities *(Listing Manual Rule 710(2)(b))*

The Company has adopted and complied with the section on dealings in securities in the Best Practices Guide issued by SGX-ST.

Directors and senior executives of the Group are not allowed to deal in the Company's shares on short-term considerations or when they are in possession of unpublished material price-sensitive information. They are also reminded regularly not to deal in the Company's shares during the period commencing one month before the announcement of the Group's interim and annual results and ending on the date of announcement of those results. They are required to report to the company secretary whenever they deal in the Company's shares. The company secretary assists the Audit Committee and the Board to monitor such share transactions and make the necessary announcements.

Interested Person Transactions *(Listing Manual Rule 907 & 1207 (16))*

There were no interested person transactions of more than \$100,000 during the financial year.

Material Contracts *(Listing Manual Rule 1207(8))*

No material contracts of the Company or its subsidiaries involving the interests of the Chief Executive Officer or any Director or controlling shareholders subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

Risk Management *(Listing Manual Rule 1207(4)(d))*

With the help of an external consultant, the Company has designed an enterprise risk management (ERM) framework to monitor, manage and build awareness within the Group of the various risks that it is exposed to. A risk assessment of the Group's operations has also been done. The objective of the risk assessment is to identify and assess risks which include key financial, operational, strategic and regulatory risks.

The Audit Committee is regularly updated on the Group's risk management program.



GB

GRAND BANKS.



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Directors' Report

for the year ended 31 March 2005

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2005.

Directors

The directors in office at the date of this report are as follows:-

Robert William Livingston
Robert William Livingston II (Appointed on 9 July 2004)
Roger Gaimster Langdale
Gerald Maxmillian Minjoot
Reggie Thein
Frank Schulz Utermoehl

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares in the Company are as follows:-

	At date of appointment/ beginning of the year	At end of the year
<u>The Company</u>		
<u>Ordinary shares of \$0.20 each fully paid</u>		
Robert William Livingston	21,943,344 *	21,943,344 *
Robert William Livingston II	1,100	1,100
Roger Gaimster Langdale	20,000	20,000
Gerald Maxmillian Minjoot	138,000	138,000
Reggie Thein	4,000	4,000
Frank Schulz Utermoehl	1,000	1,000

* This includes 21,000,000 shares held beneficially by Merlion, LP, of which Robert William Livingston is a director and owns 100% of its voting shares with his wife, Mary Isabella Livingston.

By virtue of his substantial interest in the share capital of the Company, Robert William Livingston is also deemed to have interest in the shares held by the Company in its subsidiaries at the beginning and at the end of the financial year.

Except as disclosed above, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2005.

Except as disclosed under the "Share Options" section of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except as disclosed above, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Share Options

GB Executives' Share Option Scheme ("the Option Scheme")

The Option Scheme was approved and adopted at the Company's Extraordinary General Meeting held on 18 November 1992. Details of the Option Scheme were set out in the Directors' Report for the year ended 31 March 1993.

The Option Scheme is administered by a Remuneration Committee (the "Committee") comprising directors of the Company. The Committee comprises the following members:-

Gerald Maxmillian Minjoot (Chairman)
Reggie Thein
Frank Schulz Utermoehl

Directors' Report

for the year ended 31 March 2005

Options Granted

During the financial year, no option was granted under the Option Scheme.

Issue of Shares Under Option

During the financial year, the Company issued a total of 55,000 ordinary shares of \$0.20 each fully paid at the exercise price ranging from \$0.51 to \$0.62 per share for cash upon the exercise of options granted under the Option Scheme.

Unissued Shares Under Option

At the end of the financial year, unissued shares of the Company under the Option Scheme were as follows:-

Date of grant of Options	Exercise price	Number of options outstanding 1 April 2004	Options exercised	Options cancelled or lapsed	Number of options outstanding 31 March 2005	Exercise period
11.08.1999	\$0.94	266,000	-	266,000	-	11.08.00 – 10.08.04
16.08.2000	\$0.62	445,000	37,000	55,000	353,000	16.08.01 – 15.08.05
02.08.2001	\$0.51	306,000	18,000	30,000	258,000	02.08.02 – 01.08.06
		<u>1,017,000</u>	<u>55,000</u>	<u>351,000</u>	<u>611,000</u>	

Since the commencement of the Option Scheme:-

- (i) no options have been granted to the controlling shareholders of the Company or their associates;
- (ii) no participant under the Option Scheme has been granted 5% or more of the total options available under the Option Scheme; and
- (iii) no options have been granted to and exercised by Executive Directors of the Company.

The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share issue of any other company.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under option granted by the Company or its subsidiaries as at the end of the financial year.

Audit Committee

The members of the Audit Committee during the year and at the date of this report are as follows:-

Reggie Thein	(Chairman, Independent director)
Roger Gaimster Langdale	(Independent director)
Gerald Maxmillian Minjoot	(Independent director)

The Audit Committee performs the functions specified by section 201B of the Companies Act, the Listing Manual and the Best Practices Guide of the Singapore Exchange and the Code of Corporate Governance.

The Audit Committee held four meetings since the last directors' report. The principal responsibility of the Committee is to assist the Board of Directors in the identification and monitoring of areas of significant business risks including the following:-

- The effectiveness of the management of financial business risks and the reliability of management reporting;
- Compliance with laws and regulations, particularly those of the Companies Act, Chapter 50, the Listing Manual and the Best Practices Guide of the Singapore Exchange;
- The appropriateness of interim and full year announcements and reports;
- The effectiveness and efficiency of internal and external audits;
- Related party transactions.

Specific functions of the Audit Committee include reviewing the scope of work of the internal and external auditors and the assistance given by the Company to the auditors and receiving and considering the reports of the internal and external auditors including their evaluation of the system of internal controls. The consolidated financial statements of the Group and the financial statements of the Company are reviewed by the Audit Committee prior to their submission to the Board of Directors for adoption. The Audit Committee also recommends the appointment of the external auditors, and reviews the level of audit and non-audit fees.

In addition, the Audit Committee has, in accordance with Chapter 9 of the Listing Manual of the Singapore Exchange, reviewed the requirements for approval and disclosure of interested person transactions, reviewed the internal procedures set up by the Company to identify and report and where necessary, sought approval for interested person transactions and, with the assistance of the management, reviewed interested person transactions.

Statement by Directors

for the year ended 31 March 2005

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Change of Name

With effect from 14 July 2004, the Company changed its name from GB Holdings Limited to Grand Banks Yachts Limited.

Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Robert William Livingston

Director

Reggie Thein

Director

Singapore
25 May 2005

In our opinion:

- (a) the financial statements set out on pages 25 to 44 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2005 and of the results, changes in equity and cash flows of the Group and of the results and changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Robert William Livingston

Director

Reggie Thein

Director

Singapore
25 May 2005

Report of the Auditors

to the Members of Grand Banks Yachts Limited

We have audited the accompanying financial statements of Grand Banks Yachts Limited for the year ended 31 March 2005 as set out on pages 25 to 44. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the consolidated financial statements of the Group and the balance sheet, profit and loss statement and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2005 and of the results, changes in equity and cash flows of the Group and of the results and changes in equity of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by the subsidiaries incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

KPMG

Certified Public Accountants

Singapore

25 May 2005

Balance Sheet

as at 31 March 2005

	Note	Group		Company	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Non-Current Assets					
Property, plant and equipment	3	27,252	24,855	-	-
Interest in subsidiaries	4	-	-	21,253	21,253
Investment in associate	5	56	46	150	150
Other assets	6	109	111	-	-
Trade marks	7	-	-	-	-
Deferred tax asset	8	3,108	2,849	-	-
		<u>30,525</u>	<u>27,861</u>	<u>21,403</u>	<u>21,403</u>
Current Assets					
Inventories	9	33,330	25,910	-	-
Trade and other receivables	10	12,223	11,645	2,987	171
Quoted investments	12	1,307	1,310	953	962
Cash and cash equivalents	13	10,739	19,775	2,218	8,024
		<u>57,599</u>	<u>58,640</u>	<u>6,158</u>	<u>9,157</u>
Current Liabilities					
Trade and other payables	14	12,173	12,074	126	127
Provision for warranty claims	16	1,759	1,616	-	-
Current tax liabilities		1,059	84	-	-
		<u>14,991</u>	<u>13,774</u>	<u>126</u>	<u>127</u>
Net Current Assets		<u>42,608</u>	<u>44,866</u>	<u>6,032</u>	<u>9,030</u>
Non-Current Liability					
Deferred tax liability	8	-	339	-	-
		<u>73,133</u>	<u>72,388</u>	<u>27,435</u>	<u>30,433</u>
Capital and Reserves					
Share capital	17	15,197	15,186	15,197	15,186
Reserves	19	57,936	57,202	12,238	15,247
Shareholders' Equity		<u>73,133</u>	<u>72,388</u>	<u>27,435</u>	<u>30,433</u>

The accompanying notes form an integral part of these financial statements.

Profit and Loss Account

for the year ended 31 March 2005

	Note	Group		Company	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Revenue	20	103,010	82,666	2,154	5,518
Cost of sales		(85,281)	(67,282)	-	-
Gross profit		<u>17,729</u>	<u>15,384</u>	<u>2,154</u>	<u>5,518</u>
Selling and marketing expenses		(6,051)	(6,101)	-	-
Administrative expenses		(4,230)	(3,395)	(262)	(269)
Other operating expenses		(486)	(211)	-	(4)
Profit from operations	21	<u>6,962</u>	<u>5,677</u>	<u>1,892</u>	<u>5,245</u>
Non-operating income	22	216	781	45	67
Finance costs	23	(57)	(4)	-	-
Share of results of associate		10	(175)	-	-
Profit from ordinary activities before taxation		<u>7,131</u>	<u>6,279</u>	<u>1,937</u>	<u>5,312</u>
Taxation	24	(406)	253	(28)	(175)
Net profit for the year		<u>6,725</u>	<u>6,532</u>	<u>1,909</u>	<u>5,137</u>
Earnings per share (cents)	25				
Basic		<u>8.85</u>	<u>8.59</u>		
Diluted		<u>8.82</u>	<u>8.58</u>		

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 March 2005

Group	Share Capital \$'000	Share Premium \$'000	Capital Redemption Reserve \$'000	Foreign Currency Translation Reserve \$'000	Accumulated Profits \$'000	Total \$'000
2004						
At 1 April 2003	15,189	391	-	(2,307)	57,617	70,890
Issue of shares	28	20	-	-	-	48
Share buy-back (note 17)	(31)	-	31	-	(110)	(110)
Exchange loss on translation of net assets of foreign subsidiaries	-	-	-	(3,024)	-	(3,024)
Exchange gain on translation of quasi-capital loan to a foreign subsidiary	-	-	-	70	-	70
Net profit for the year	-	-	-	-	6,532	6,532
Final dividend paid in respect of year ended 31/3/2003 of 3.4 cents per share less tax at 22%	-	-	-	-	(2,018)	(2,018)
At 31 March 2004	15,186	411	31	(5,261)	62,021	72,388
2005						
At 1 April 2004	15,186	411	31	(5,261)	62,021	72,388
Issue of shares	11	21	-	-	-	32
Exchange loss on translation of net assets of foreign subsidiaries	-	-	-	(1,037)	-	(1,037)
Exchange loss on translation of quasi-capital loan to a foreign subsidiary	-	-	-	(36)	-	(36)
Net profit for the year	-	-	-	-	6,725	6,725
Final dividend paid in respect of year ended 31/3/2004 of 8.125 cents per share less tax at 20%	-	-	-	-	(4,939)	(4,939)
At 31 March 2005	15,197	432	31	(6,334)	63,807	73,133

The accompanying notes form an integral part of these financial statements.

Company	Share Capital \$'000	Share Premium \$'000	Capital Redemption Reserve \$'000	Accumulated Profits \$'000	Total \$'000
2004					
At 1 April 2003	15,189	391	-	11,796	27,376
Issue of shares	28	20	-	-	48
Share buy-back (note 17)	(31)	-	31	(110)	(110)
Net profit for the year	-	-	-	5,137	5,137
Final dividend paid in respect of year ended 31/3/2003 of 3.4 cents per share less tax at 22%	-	-	-	(2,018)	(2,018)
At 31 March 2004	15,186	411	31	14,805	30,433
2005					
At 1 April 2004	15,186	411	31	14,805	30,433
Issue of shares	11	21	-	-	32
Net profit for the year	-	-	-	1,909	1,909
Final dividend paid in respect of year ended 31/3/2004 of 8.125 cents per share less tax at 20%	-	-	-	(4,939)	(4,939)
At 31 March 2005	15,197	432	31	11,775	27,435

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 March 2005

	2005 \$'000	2004 \$'000		2005 \$'000	2004 \$'000
Operating Activities			Financing Activities		
Profit from operating activities before taxation	7,131	6,279	Interest paid	(57)	(4)
Adjustments for:			Dividend paid	(4,939)	(2,018)
Allowance for doubtful trade receivables	229	-	Repayment of banker's acceptances	-	(1,058)
Depreciation of property, plant and equipment	3,443	2,770	Proceeds from issue of shares	32	48
Gain on disposal of property, plant and equipment	(23)	(6)	Payment for shares cancelled in share buy-back	-	(110)
Gain on disposal of quoted investments	-	(45)	Cash flows from financing activities	(4,964)	(3,142)
Interest expense	57	4			
Interest income	(211)	(316)	Net (decrease)/increase in cash and cash equivalents	(8,852)	10,058
Property, plant and equipment written off	265	-	Cash and cash equivalents at beginning of the year	19,775	10,064
Provision for warranty claims	2,490	2,482	Effect of exchange rate changes on balances held in foreign currencies	(184)	(347)
Share of (profit)/loss of associate	(10)	175	Cash and cash equivalents at end of the year (note 13)	10,739	19,775
Unrealised loss on quoted investments	15	7			
Operating profit before working capital changes	13,386	11,350			
Changes in working capital:					
Inventories	(7,829)	(703)			
Trade and other receivables	(1,153)	812			
Trade and other payables	337	4,616			
Cash generated from operations	4,741	16,075			
Warranty claims paid	(2,322)	(2,219)			
Income tax paid	(78)	(133)			
Cash flows from operating activities	2,341	13,723			
Investing Activities					
Interest received	193	316			
Proceeds from disposal of quoted investments	-	1,579			
Purchase of property, plant and equipment	(6,475)	(2,447)			
Proceeds from disposal of property, plant and equipment	53	29			
Cash flows from investing activities	(6,229)	(523)			

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 March 2005

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 25 May 2005.

1 Domicile and Activities

Grand Banks Yachts Limited (the “Company”) is incorporated in the Republic of Singapore and has its registered office at 29 Loyang Crescent, Singapore 509015.

The principal activities of the Company are those of an investment holding company with significant subsidiaries in the business of manufacturing and sale of premium luxury yachts for export worldwide. See note 4 to the financial statements for additional information on the subsidiaries.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the “Group”) and the Group’s interest in an associate.

2 Summary of Significant Accounting Policies

2.1 Basis of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

The financial statements, which are expressed in Singapore dollars unless stated to be expressed in Singapore dollars thousands, are prepared on the historical cost basis.

2.2 Consolidation

Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associate

Associate is a company in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the Group’s share of the total recognised gains and losses of an associate on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Transactions Eliminated on Consolidation

All significant intra-group transactions, balances and unrealised gains are eliminated on consolidation. Unrealised gains resulting from transactions with associate are eliminated to the extent of the Group’s interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.3 Foreign Currencies

Foreign Currency Transactions

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange approximate to those ruling at the balance sheet date. Transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are included in the profit and loss account. Where monetary items in substance form part of the Group’s net investment in the foreign subsidiary, exchange differences arising on such monetary items are recognised directly in equity until disposal of the investment.

Foreign Entities

The assets and liabilities of foreign entities are translated to Singapore dollars at the rates of exchange ruling at the balance sheet date. The results and cash flows of foreign entities are translated at the average exchange rates for the year. Exchange differences arising on translation are recognised directly in equity.

2 Summary of Significant Accounting Policies (cont'd)

2.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided on the straight-line basis so as to write off items of property, plant and equipment over their estimated useful lives as follows:-

Buildings on leasehold land	-	28 years
Freehold residential buildings	-	50 years
Leasehold land	-	Lease period of 30 years
Plant and machinery	-	5 to 10 years
Furniture, fixtures and equipment	-	2 to 10 years
Toolings and moulds	-	5 to 10 years
Motor vehicles and workboats	-	3 to 10 years

No depreciation is provided for assets under construction. Fully depreciated assets are retained in the financial statements until they are no longer in use.

2.5 Subsidiaries

Investments in subsidiaries in the Company's balance sheet are stated at cost less impairment losses.

2.6 Associate

In the Company's balance sheet, investment in associate is stated at cost less impairment losses.

The results of the associate are included in the Company's profit and loss account to the extent of dividends received and receivable, provided the Company's right to receive the dividend is established before the balance sheet date.

2.7 Financial Assets

Equity securities held for the long-term are stated at cost less allowance for diminution in value which, in the opinion of the directors, are other than temporary.

Quoted investments held for the short term are stated at the lower of cost or market value. Any increase or decrease in carrying amount are included in the profit and loss account.

2.8 Inventories

Inventories are stated at the lower of cost (principally on the first-in, first-out basis), and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Finished products includes the cost of materials, labour and an appropriate portion of overheads.

Net realisable value of finished products is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.9 Construction Contracts

The accounting policy for contract revenue is set out in note 2.16. When the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised as income and expenses by reference to the stage of completion of the contract activity at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that can probably be recovered and contract costs are recognised as an expense in the period in which they are incurred.

2.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

2.11 Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the profit and loss account.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Notes to the Financial Statements

for the year ended 31 March 2005

2 Summary of Significant Accounting Policies (cont'd)

2.12 Liabilities

Trade and other payables are stated at cost.

2.13 Employee Share Options

No compensation cost or obligation is recognised when share options are issued under employee incentive programmes. When the options are exercised, equity is increased by the amount of the proceeds received.

2.14 Provision for Warranty Claims

Provision for warranty claims in respect of boats sold is based on a percentage of sales for the year. Claims, when incurred, are charged against this provision account.

2.15 Deferred Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associate, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

2.16 Revenue Recognition

Construction Contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the profit and loss account by reference to

the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the hours incurred to date and the estimated total hours for each contract. When it is probable that total contract costs will exceed total revenue, the expected loss is recognised as an expense immediately in the profit and loss account.

Sale of Boats

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services taxes and other sales taxes and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Dividends

Dividend income from subsidiaries and associate are recognised in the profit and loss account when the Company's right to receive payment is established.

Interest Income

Interest income from bank deposits is accrued on a time-apportioned basis.

2.17 Operating Leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease payments made.

2.18 Finance Costs

Interest expense and similar charges are expensed in the profit and loss account in the period in which they are incurred.

2.19 Repurchase of Share Capital

When share capital recognised as equity is repurchased, the issued share capital is reduced by the par value of the shares repurchased and transferred to a capital redemption reserve. The costs associated with the repurchase, comprising the purchase consideration plus costs incidental to the acquisition, are set off against accumulated profits.

3 Property, Plant and Equipment

Group	Buildings on leasehold land \$'000	Freehold residential buildings \$'000	Leasehold land \$'000	Plant and machinery \$'000	Furniture, fixtures and equipment \$'000	Toolings and moulds \$'000	Motor vehicles and work boats \$'000	Assets under construction \$'000	Total \$'000
Cost									
At 1 April 2004	16,628	310	3,116	5,583	3,843	10,337	865	1,088	41,770
Additions	732	-	-	319	580	2,195	291	2,358	6,475
Disposals/Write-off	-	-	-	(59)	(6)	(359)	(88)	-	(512)
Transfer	-	-	-	-	-	2,119	-	(2,119)	-
Translation adjustments	(262)	(5)	(49)	(89)	(60)	(150)	(14)	(17)	(646)
At 31 March 2005	17,098	305	3,067	5,754	4,357	14,142	1,054	1,310	47,087
Accumulated Depreciation									
At 1 April 2004	3,567	58	911	3,813	2,564	5,416	586	-	16,915
Depreciation charge for the year	573	6	104	290	502	1,877	91	-	3,443
Disposals/Write-off	-	-	-	(43)	(6)	(101)	(68)	-	(218)
Translation adjustments	(65)	-	(16)	(64)	(49)	(100)	(11)	-	(305)
At 31 March 2005	4,075	64	999	3,996	3,011	7,092	598	-	19,835
Carrying Amount									
At 31 March 2005	13,023	241	2,068	1,758	1,346	7,050	456	1,310	27,252
At 31 March 2004	13,061	252	2,205	1,770	1,279	4,921	279	1,088	24,855

Notes to the Financial Statements

for the year ended 31 March 2005

4 Interest in Subsidiaries

	Company	
	2005 \$'000	2004 \$'000
Unquoted ordinary shares, at cost	6,290	6,290
Impairment losses	(100)	(100)
	<u>6,190</u>	<u>6,190</u>
Unquoted preference shares, at cost	12,810	12,810
	<u>19,000</u>	<u>19,000</u>
Loan to a subsidiary	2,253	2,253
	<u>21,253</u>	<u>21,253</u>

Loan to a subsidiary is unsecured and interest chargeable is agreed on a yearly basis. No interest was charged in the current year. The loan is repayable by the subsidiary after one year.

Details of the subsidiaries, all of which are wholly-owned, are as follows:-

Name of Subsidiaries	Principal Activities	Place of Incorporation/ Business	Carrying Value	
			2005 \$'000	2004 \$'000
GB Yachts Pte. Ltd. (previously known as GrandBanks Yachts Pte Ltd) and its subsidiary:- *	Manufacture and sale of premium luxury yachts for export worldwide	Singapore	3,000	3,000
Grand Banks Yachts Ltd. *	Provision of promotional and technical services	Washington, United States of America	-	-
Ammarine Yacht Sales Pte Ltd *	Purchase and sale of new and used yachts	Singapore	-	-

Name of Subsidiaries	Principal Activities	Place of Incorporation/ Business	Carrying Value	
			2005 \$'000	2004 \$'000
Grand Banks Yachts Sdn. Bhd. @ μ	Manufacture and sale of premium luxury yachts for export worldwide	Malaysia	16,000	16,000
			<u>19,000</u>	<u>19,000</u>

* Not required to be audited by law in country of incorporation.

@ Audited by other member firm of KPMG International.

+ Audited by KPMG Singapore.

μ Includes \$12,810,000 in respect of Non-Cumulative Redeemable Convertible Preference Shares.

5 Investment in Associate

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Unquoted ordinary shares, at cost	150	150	150	150
Share of post-acquisition revenue reserve	(94)	(104)	-	-
	<u>56</u>	<u>46</u>	<u>150</u>	<u>150</u>

Details of the associate are as follows:-

Name of associate	: Marina Yacht Services Pte Ltd **
Principal activities	: Provision of yacht repair and maintenance services
Place of incorporation/business	: Singapore
Equity interest	: 50% (2004: 50%)

** Not a significant associate as defined under Clause 718 of the Singapore Exchange Securities Trading Limited Listing Manual.

6 Other Assets

	Group	
	2005 \$'000	2004 \$'000
Club membership, at cost	130	130
Translation adjustment	(3)	(2)
	127	128
Impairment loss	(66)	(66)
	61	62
Unquoted shares, at cost	48	49
	109	111

7 Trade Marks

	Group	
	2005 \$'000	2004 \$'000
Trade marks, at cost	265	265
Accumulated amortisation	(265)	(265)
	-	-

The Group holds trade marks for Grand Banks, Eastbay and Aleutian on a worldwide basis.

8 Deferred Tax Asset/(Liability)

Movements in deferred tax asset/(liability) during the year were as follows:-

	(Charged)/ Credited to profit and loss account			At 31/3/2005 \$'000
	At 1/4/2004 \$'000	(note 24) \$'000	Translation adjustment \$'000	
Deferred Tax Asset				
Excess of tax written down value over net book value of property, plant and equipment	1,819	185	(32)	1,972
Unabsorbed wear and tear allowances	536	-	(8)	528
Provisions	247	108	(6)	349
Other temporary differences	247	16	(4)	259
	2,849	309	(50)	3,108
Deferred Tax Liability				
Unabsorbed wear and tear allowances	122	(121)	(1)	-
Accelerated tax depreciation	(638)	638	-	-
Provisions	243	(243)	-	-
Other temporary differences	(66)	65	1	-
	(339)	339	-	-

Notes to the Financial Statements

for the year ended 31 March 2005

9 Inventories

	Group	
	2005 \$'000	2004 \$'000
At lower of cost and net realisable value -		
Raw materials and components	11,677	7,695
Construction work-in-progress	16,794	13,513
Finished products	5,413	5,070
	<u>33,884</u>	<u>26,278</u>
Allowance for obsolete inventory -		
At 1 April	368	558
Allowance made/(written back) during the year (note 21d)	190	(169)
Translation adjustment	(4)	(21)
At 31 March	<u>554</u>	<u>368</u>
	<u>33,330</u>	<u>25,910</u>
Comprising:		
Inventories, at net realisable value	11,848	6,608
Inventories, at cost	21,482	19,302
	<u>33,330</u>	<u>25,910</u>
Construction work-in-progress comprises -		
Cost and attributable profits	22,100	18,979
Progress billings	(5,306)	(5,466)
	<u>16,794</u>	<u>13,513</u>

10 Trade and Other Receivables

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Trade receivables (net of allowance on doubtful receivables of \$229,334 (2004: Nil))	8,056	10,343	-	-
Deposits, prepayments and other receivables (note 11)	4,077	1,212	55	81
Amount due from:				
- subsidiary (loan)	-	-	2,842	-
- associate (trade)	90	90	90	90
	<u>12,223</u>	<u>11,645</u>	<u>2,987</u>	<u>171</u>

Loan due from a subsidiary is unsecured, interest-free and has no fixed terms of repayment.

11 Deposits, Prepayments and Other Receivables

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Deposits	3,131	83	-	-
Prepayments	747	958	2	1
Tax recoverable	90	116	48	76
Staff loans and advances	9	14	-	-
Other receivables	100	41	5	4
	<u>4,077</u>	<u>1,212</u>	<u>55</u>	<u>81</u>

12 Quoted Investments

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Quoted bonds, at cost	1,307	1,310	953	962
Market value of quoted bonds	1,307	1,316	953	962

13 Cash and Cash Equivalents

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Cash and bank balances				
- cash at banks and in hand	3,106	6,667	43	165
- short-term deposits	7,633	13,108	2,175	7,859
	10,739	19,775	2,218	8,024

14 Trade and Other Payables

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Trade payables	2,943	2,854	-	-
Advances received from customers	4,196	2,517	-	-
Other payables and accruals (note 15)	5,034	6,703	126	127
	12,173	12,074	126	127

15 Other Payables and Accruals

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Accrued operating expenses	4,210	3,447	126	127
Liability for unconsumed annual leave	583	502	-	-
Other payables	241	2,754	-	-
	5,034	6,703	126	127

16 Provision for Warranty Claims

	Group	
	2005 \$'000	2004 \$'000
At 1 April	1,616	1,385
Provision made during the year (note 21d)	2,490	2,482
Claims expended during the year	(2,322)	(2,219)
Translation adjustment	(25)	(32)
At 31 March	1,759	1,616

17 Share Capital

	Company			
	2005 No. of shares ('000)	2004 No. of shares ('000)	2005 \$'000	2004 \$'000
Authorised:				
Ordinary shares of \$0.20 each	200,000	200,000	40,000	40,000
Issued and fully paid:				
At 1 April	75,930	75,945	15,186	15,189
Issue of shares	55	140	11	28
Share buy-back	-	(155)	-	(31)
At 31 March	75,985	75,930	15,197	15,186

Details of unissued ordinary shares of the Company under the GB Executives' Share Option Scheme are set out in note 18.

Notes to the Financial Statements

for the year ended 31 March 2005

18 Employee Benefits

GB Executives' Share Option Scheme

The GB Executives' Share Option Scheme ("the Option Scheme") was approved and adopted at the Company's Extraordinary General Meeting held on 18 November 1992. The Option Scheme is administered by a Remuneration Committee (the "Committee") comprising directors of the Company. The Committee comprises the following members:-

Gerald Maxmillian Minjoot (Chairman)
Reggie Thein
Frank Schulz Utermoehl

Other information regarding the Option Scheme are set out below:-

- (i) The exercise price of the options is determined by the average of the last dealt price of the Company's shares on the Singapore Exchange Securities Trading Limited (SGX-ST) for the five consecutive trading days immediately preceding the date of grant, or its nominal value, whichever is higher.
- (ii) The options vest twelve months after the grant date.
- (iii) The options granted expire at the end of five years from the grant date.

At the end of the financial year, details of the options granted under the Option Scheme on the unissued ordinary shares of \$0.20 each of the Company were as follows:-

Date of grant of Options	Exercise price	Number of options outstanding 1 April 2004	Options exercised	Options cancelled or lapsed	Number of options outstanding 31 March 2005	Exercise period
11.08.1999	\$0.94	266,000	-	266,000	-	11.08.00 – 10.08.04
16.08.2000	\$0.62	445,000	37,000	55,000	353,000	16.08.01 – 15.08.05
02.08.2001	\$0.51	306,000	18,000	30,000	258,000*	02.08.02 – 01.08.06
		<u>1,017,000</u>	<u>55,000**</u>	<u>351,000</u>	<u>611,000</u>	

* This was the final option granted under the Option Scheme.

** During the financial year, a total of 55,000 ordinary shares of \$0.20 each were issued fully paid at prices ranging from \$0.51 to \$0.62 per share as indicated above, for cash upon the exercise of share options. The proceeds of \$11,000 and \$21,120 were credited to share capital and share premium respectively. The market price of the shares at date of issue pursuant to the exercise of share options ranged from \$0.79 to \$0.88 per share.

19 Reserves

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Share premium	432	411	432	411
Capital redemption reserve	31	31	31	31
Foreign currency translation reserve	(6,334)	(5,261)	-	-
Accumulated profits	63,807	62,021	11,775	14,805
	<u>57,936</u>	<u>57,202</u>	<u>12,238</u>	<u>15,247</u>

Movements in reserves for the Group and the Company are set out in the statements of changes in equity.

(a) Share Premium

The application of the share premium account is governed by Section 69 and Section 70(4) of the Companies Act, Chapter 50.

(b) Capital Redemption Reserve

The capital redemption reserve comprises the amount of the Company's issued share capital bought back and cancelled pursuant to a share buy-back mandate approved by the shareholders.

(c) Foreign Currency Translation Reserve

This comprises all foreign exchange differences arising from the translation of the financial statements of entities whose measurement currency is different from that of the Company, as well as from the translation of quasi-capital loan to a foreign subsidiary.

20 Revenue

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Dividend income	-	-	2,154	5,518
Revenue from construction contracts	101,009	75,984	-	-
Sale of stock boats	1,288	6,109	-	-
Sale of parts	713	573	-	-
	<u>103,010</u>	<u>82,666</u>	<u>2,154</u>	<u>5,518</u>

Transactions within the Group have been excluded in arriving at turnover of the Group.

21 Profit from Operations

The following items have been included in arriving at profit from operations:-

	Group	
	2005 \$'000	2004 \$'000
(a) Staff Costs		
Wages and salaries related costs	23,737	19,030
Contributions to defined contribution plans	1,918	1,557
	<u>25,655</u>	<u>20,587</u>
Average number of employees for the year	<u>1,245</u>	<u>1,053</u>

(b) Administrative Expenses

Administrative expenses comprise principally personnel and related costs for support staff and office expenses.

(c) Other Operating Expenses

Other operating expenses comprise principally professional fees and general operating expenses.

(d) Other Expenses

	Note	Group		Company	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Auditors' remuneration					
- auditors of the Company					
• current year		64	58	25	18
• prior years		10	(3)	1	-
- other auditors		13	14	-	-
Non-audit fees					
- auditors of the Company		41	47	12	16
- other auditors		7	3	-	-
Allowance made/(written back) for					
- obsolete inventory	9	190	(169)	-	-
- doubtful trade receivables	10	229	-	-	-
Depreciation of property, plant and equipment	3	3,443	2,770	-	-
Directors' remuneration					
- directors of the Company		1,094	627	-	-
Directors' fees					
- directors of the Company		95	111	95	111
- other directors		5	5	-	-
Operating lease expenses		289	257	-	-
Property, plant and equipment written off		265	-	-	-
Provision for warranty claims	16	2,490	2,482	-	-
Research and development		544	448	-	-
Write-down of finished products		154	61	-	-

Notes to the Financial Statements

for the year ended 31 March 2005

22 Non-Operating Income

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Exchange (loss)/gain	(13)	417	-	(4)
Interest income				
- banks	87	117	13	20
- others	124	199	40	62
Gain on disposal of				
- property, plant and equipment	23	6	-	-
- quoted investments	-	45	-	(4)
Unrealised loss on quoted investments	(15)	(7)	(8)	(7)
Miscellaneous income	10	4	-	-
	<u>216</u>	<u>781</u>	<u>45</u>	<u>67</u>

23 Finance Costs

	Group	
	2005 \$'000	2004 \$'000
Interest paid and payables on bank overdraft and banker's acceptances	57	4

24 Taxation

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Current Tax Expense				
Current year	394	32	-	207
Under/(over) provided in prior years	660	(98)	28	(32)
	<u>1,054</u>	<u>(66)</u>	<u>28</u>	<u>175</u>
Deferred Tax Expense				
- Movement in temporary differences	(275)	(376)	-	-
- (Over)/under provided in prior years	(373)	189	-	-
	<u>406</u>	<u>(253)</u>	<u>28</u>	<u>175</u>

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Reconciliation of Effective Tax Rate				
Profit before taxation	7,131	6,279	1,937	5,312
Income tax at 20% (2004: 20%)	1,426	1,256	387	1,062
Non-deductible expenses	184	104	12	2
Effect of different tax rates in foreign jurisdictions	544	501	-	-
Tax exempt profits	(2,108)	(2,215)	-	-
Tax relief/rebate	(11)	(11)	(395)	(862)
Under/(over) provided in prior years				
- current tax	660	(98)	28	(32)
- deferred tax	(373)	189	-	-
Others	84	21	(4)	5
	<u>406</u>	<u>(253)</u>	<u>28</u>	<u>175</u>

Group

The Group's Malaysian subsidiary has benefited over the last ten years from a special pioneer status incentive in Malaysia that enabled it to generate tax-exempt profits in exchange for building a facility that today employs approximately 1,000 people. The incentive expired as expected, and the subsidiary will be taxed at the prevailing corporate rate in Malaysia going forward.

Unrecognised Deferred Tax Assets

The following items have not been included in the computation of deferred tax assets:-

	Group	
	2005 \$'000	2004 \$'000
Deductible temporary differences	296	-
Unutilised tax losses	206	202
	<u>502</u>	<u>202</u>

24 Taxation (cont'd)

The unutilised tax losses are available for carry forward and set-off against future taxable profits subject to agreement with the Comptroller of Income Tax and compliance with Section 37 of the Income Tax Act, Chapter 134. Deferred tax assets have not been recognised in respect of the above items as it is uncertain whether future taxable profit derived from the subsidiaries concerned will be sufficient to utilise the benefits.

Company

As at 31 March 2005, the Company has tax exempt profits amounting to \$168,362 (2004: \$168,362) which may be distributed as tax exempt dividends by the Company to its shareholders upon agreement by the Comptroller of Income Tax.

25 Earnings Per Share

	Group	
	2005	2004
Basic earnings per share is based on:-		
Net profit for the year (\$'000)	6,725	6,532
Number of shares outstanding at beginning of the year ('000)	75,930	75,945
Weighted average number of shares issued during the year ('000)	43	100
Weighted average number of shares bought-back during the year ('000)	-	(33)
Weighted average number of shares in issue during the year ('000)	75,973	76,012

In calculating diluted earnings per share, the weighted average number of ordinary shares is adjusted for the effect of all dilutive potential ordinary shares:-

	Number of shares ('000)	
	2005	2004
Weighted average number of ordinary shares used in calculating basic earnings per share	75,973	76,012
Weighted average number of dilutive potential ordinary shares	701	763
Number of shares that would have been issued at fair value	(461)	(619)
Weighted average number of ordinary shares (diluted)	76,213	76,156

26 Dividends

After the balance sheet date, the Directors proposed the following dividends. The dividends have not been provided for.

	2005	2004
	\$'000	\$'000
Final dividend proposed of 4 cents per share (2004: 8.125 cents per share) less tax at 20% (2004: 20%)	2,432	4,939

27 Significant Related Party Transactions

(a) Definition of Related Parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making the financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(b) Transactions with Directors

Total directors' remuneration is disclosed in note 21.

Notes to the Financial Statements

for the year ended 31 March 2005

28 Commitments

(a) Operating Lease Commitments

At 31 March, the Group had commitments for future minimum lease payments under non-cancellable operating leases as follows:-

	Group	
	2005 \$'000	2004 \$'000
Payable:-		
Within 1 year	383	349
After 1 year but within 5 years	923	836
After 5 years	3,636	3,838

The Company leases office premises and factory facilities under operating leases. The lease is for a period of 30 years, with no option to renew the lease after that date. The lease does not include contingent rentals.

The lease is subject to annual revisions not exceeding 5.5% (2004: 7.6%) increase over the annual rent of the immediate preceding year.

(b) Forward Foreign Exchange Contracts

Outstanding forward foreign exchange contracts to sell foreign currency amounted to US\$2.10 million and Euro 0.77 million equivalent to \$5.1 million (2004: US\$0.7 million and Euro 3.84 million equivalent to \$9.0 million).

(c) Capital Commitment

	Group	
	2005 \$'000	2004 \$'000
Plant and machinery		
- contracted but not provided for	204	-

29 Financial Instruments

Financial Risk Management Objectives and Policies

Exposure to credit, interest rate and currency risk arises in the normal course of the Group's business. The Group has established risk management policies and guidelines which set out its overall business strategies, its tolerance of risk and its general risk management philosophy. Such established policies are reviewed periodically to ensure that the Group's policy guidelines are adhered to.

Credit Risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all new dealers and when other circumstances require such analysis.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to interest-earning financial assets.

Effective Interest Rates and Repricing Analysis

In respect of interest-earning financial assets, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice.

	Note	Effective Interest rate %	Total \$'000	Within 1 year \$'000
Group				
2005				
Financial assets				
Quoted investments	12	2.32% - 4.67%	1,307	1,307
Short-term deposits	13	0.31% - 2.50%	7,633	7,633
			8,940	8,940

29 Financial Instruments (cont'd)

	Note	Effective Interest rate %	Total \$'000	Within 1 year \$'000
Group				
2004				
Financial assets				
Quoted investments	12	2.32% - 4.67%	1,310	1,310
Short-term deposits	13	0.25% - 2.50%	13,108	13,108
			<u>14,418</u>	<u>14,418</u>
Company				
2005				
Financial assets				
Quoted investments	12	2.32% - 4.02%	953	953
Short-term deposits	13	0.31% - 1.81%	2,175	2,175
			<u>3,128</u>	<u>3,128</u>
2004				
Financial assets				
Quoted investments	12	2.32% - 4.02%	962	962
Short-term deposits	13	0.25% - 1.66%	7,859	7,859
			<u>8,821</u>	<u>8,821</u>

Foreign Currency Risk

The Group incurs foreign currency risk on sales and purchases that are denominated in currencies other than Singapore Dollar. The currencies giving rise to this risk are primarily US Dollar, Ringgit Malaysia and Euro.

The Group uses forward foreign exchange contracts, with maturities of less than one year, to hedge its foreign currency risk.

Fair Values

Recognised Financial Instruments

The fair value of the financial assets and liabilities approximates to their carrying value and are disclosed in the balance sheet and in the notes to the financial statements.

Unrecognised Financial Instruments

The valuation of financial instruments not recognised in the balance sheet reflects amounts which the Group expects to pay or receive to terminate the contracts or replace the contracts at their current market rates at the balance sheet date.

At 31 March, the notional amount and fair value of financial instruments not recognised in the balance sheet are as follows:-

	Notional Amount 2005 \$'000	Fair Value 2005 \$'000	Notional Amount 2004 \$'000	Fair Value 2004 \$'000
Forward foreign exchange contracts	5,066	(42)	8,975	(28)

Fair value is the difference between the notional amount and the market value of the financial instruments.

30 Contingent Liabilities

At 31 March 2005, the Company has outstanding contingent liabilities amounting to \$2.3 million (2004: \$2.3 million) in respect of guarantees given to a bank for banking facilities granted to a subsidiary, of which no amount was utilised.

Notes to the Financial Statements

for the year ended 31 March 2005

31 Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, geographical segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise tax assets and tax liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that is expected to be used for more than one period.

The Group is organised into three geographical segments by location of assets:

- Singapore
- Malaysia
- Others

The Group primarily engages in the manufacture and sale of premium luxury yachts for export worldwide, which operates in two principal countries, namely Singapore and Malaysia.

(a) Geographical Segments

	Singapore \$'000	Malaysia \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
Revenue and Expenses					
2005					
Total revenue from external customers	47,925	55,085	-	-	103,010
Inter-segment revenue	-	9,831	-	(9,831)	-
Total revenue	47,925	64,916	-	(9,831)	103,010
Segment results	496	6,662	206	(397)	6,967
Interest income					211
Finance costs					(57)
Share of profit of associate					10
Taxation					(406)
Net profit for the year					6,725
2004					
Total revenue from external customers	40,993	41,676	(3)	-	82,666
Inter-segment revenue	-	6,810	-	6,810	-
Total revenue	40,993	48,486	(3)	(6,810)	82,666
Segment results	(163)	6,253	105	(53)	6,142
Interest income					316
Finance costs					(4)
Share of loss of associate					(175)
Taxation					253
Net profit for the year					6,532

31 Segment Reporting (cont'd)

(a) Geographical Segments (cont'd)

	Singapore \$'000	Malaysia \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
Assets and liabilities					
2005					
Segment assets	32,631	51,991	338	-	84,960
Investment in associate	56	-	-	-	56
	<u>32,687</u>	<u>51,991</u>	<u>338</u>	<u>-</u>	<u>85,016</u>
Unallocated assets					3,108
Total assets					<u>88,124</u>
Segment liabilities	8,537	4,942	453	-	13,932
Unallocated liabilities					1,059
Total liabilities					<u>14,991</u>
Capital expenditure	1,081	5,330	64	-	6,475
Significant non-cash item - depreciation	803	2,593	47	-	3,443
2004					
Segment assets	34,645	48,658	303	-	83,606
Investment in associate	46	-	-	-	46
	<u>34,691</u>	<u>48,658</u>	<u>303</u>	<u>-</u>	<u>83,652</u>
Unallocated assets					2,849
Total assets					<u>86,501</u>
Segment liabilities	5,377	8,052	261	-	13,690
Unallocated liabilities					423
Total liabilities					<u>14,113</u>
Capital expenditure	164	2,230	53	-	2,447
Significant non-cash item - depreciation	886	1,859	25	-	2,770

(b) Business Segments

As the Group operates predominantly in one business segment which is the manufacture and sale of premium luxury yachts for export worldwide, no other segment information by business segment is presented.

(c) Geographical Market of the Customers

The following details show the distribution of the Group's consolidated sales based on the countries in which the customers are located, regardless of where the goods are produced.

	2005 \$'000	2004 \$'000
North America	73,783	57,332
Europe	15,390	20,074
Others	13,837	5,260
	<u>103,010</u>	<u>82,666</u>

32 Legal Matters

The Group is involved in both claims and legal proceedings. Using the latest information available, the Group accrues for its exposure based upon the Management's best estimates, made in consultation with legal counsel, of the likely range of exposure stemming from the claims. In the opinion of the Management, the Group's litigation or claims, when finally resolved, will not have a material adverse effect on the Group's consolidated financial position. Nevertheless, Management continues to monitor both claims and legal proceedings to determine that its estimates are adequate; however, if current cost estimates for the resolution of these claims are later determined to be inadequate, then the results of the Group's operations could be adversely affected.

Notes to the Financial Statements

for the year ended 31 March 2005

33 Directors' Remuneration

The remuneration of the Company's Directors falls within the following remuneration bands:-

	<u>2005</u>	<u>2004</u>
\$500,001 and above	1	1
\$250,001 to \$500,000	1	-
\$250,000 and below	4	4
	<u>6</u>	<u>5</u>

34 Change of Name

With effect from 14 July 2004, the Company changed its name from GB Holdings Limited to Grand Banks Yachts Limited.

Statistics of Shareholdings

As at 16 May 2005

Authorised Share Capital : 200,000,000 ordinary shares of \$0.20 each
 Issued Share Capital : 75,985,000 ordinary shares of \$0.20 each
 Voting Rights : 1 vote per ordinary share

Directors' Shareholdings

As at 21 April 2005

Name of Directors	No of Shares
Robert William Livingston	21,943,344*
Robert William Livingston II	1,100
Roger Gaimster Langdale	20,000
Gerald Maxmillian Minjoot	138,000
Reggie Thein	4,000
Frank Schulz Utermoehl	1,000

* This includes 21,000,000 shares held beneficially by Merlion, LP, of which Robert William Livingston is a director and holds 100% of its voting shares with his wife, Mary Isabella Livingston.

Substantial Shareholders

As at 16 May 2005, shown in Register of Substantial Shareholders

Name of Substantial Shareholders	Shareholdings registered in the name of substantial shareholders	Shareholdings in which the substantial shareholders are deemed to have an interest	Total	Percentage of issued shares
Merlion LP	21,000,000	0	21,000,000	27.64
Robert William Livingston	943,344	21,000,000*	21,943,344	28.88
Wassbourne Finance Ltd	9,218,000	0	9,218,000	12.13
Ronald Clayton Filbert	7,238,828	0	7,238,828	9.53

* Robert William Livingston is a director of Merlion, LP and deemed to have interest in the 21,000,000 shares held by Merlion, LP by virtue of him holding 100% of its voting shares with his wife, Mary Isabella Livingston.

Distribution of Shareholdings

As at 16 May 2005

Size of Shareholdings	No of Shareholders	%	No of Shares	%
1 – 999	221	10.23	50,143	0.07
1,000 – 10,000	1,656	76.63	6,043,025	7.95
10,001 – 1,000,000	277	12.82	15,509,004	20.41
1,000,001 and above	7	0.32	54,382,828	71.57
Total	2,161	100.00	75,985,000	100.00

As at 16 May 2005, approximately 48.5 % of the Company's shares were held in the hands of the public. Therefore, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Twenty Largest Shareholders

No.	Name	No. Of Shares	%
1	Merlion LP	21,000,000	27.64
2	DB Nominees (S) Pte Ltd	9,778,000**	12.87
3	Ronald Clayton Filbert or Bernice Bernita Filbert	7,238,828	9.53
4	United Overseas Bank Nominees Pte Ltd	7,085,200	9.32
5	DBS Nominees Pte Ltd	5,086,000	6.69
6	OCBC Nominees Singapore Private Limited	2,309,800	3.04
7	ING Nominees (Singapore) Pte Ltd	1,885,000	2.48
8	Robert William Livingston or Mary Isabella Livingston	629,344	0.83
9	Citibank Nominees Singapore Pte Ltd	536,900	0.71
10	UOB Kay Hian Pte Ltd	454,000	0.60
11	See Tow Siew Chuan	424,000	0.56
12	Phillip Securities Pte Ltd	334,000	0.44
13	Dohadwala Kutbuddin F	328,000	0.43
14	Robert William Livingston	314,000	0.41
15	Oversea-Chinese Bank Nominees Pte Ltd	300,000	0.39
16	Loh Siew Weng James	286,000	0.38
17	OCBC Securities Private Ltd	268,000	0.35
18	Tan Chaw @ Tan Kow Tee	250,000	0.33
19	Hong Leong Finance Nominees Pte Ltd	244,000	0.32
20	Khng John Francis	220,000	0.29
	Total :	58,971,072	77.61

** Includes 9,218,000 shares held beneficially for Wassbourne Finance Ltd

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on Thursday, 30 June 2005 at 10.00 am to transact the following businesses:

Ordinary Business

- 1) To receive and consider the Directors' Report and Audited Accounts for the year ended 31 March 2005 and the Auditors' Report thereon. (Resolution 1)
- 2) To declare the payment of a first and final dividend of 4.00 cents per ordinary share less tax at 20% for the year ended 31 March 2005. (Resolution 2)
- 3) To re-elect Mr Robert William Livingston, who retires pursuant to Article 86 of the Articles of Association of the Company and being eligible offers himself for re-election as Director. (Resolution 3)
- 4) To re-elect Mr Gerald Maxmillian Minjoot, who retires pursuant to Article 86 of the Articles of Association of the Company and being eligible offers himself for re-election as Director. [see Explanatory Note (1)] (Resolution 4)
- 5) To re-elect Mr Robert William Livingston II, who retires pursuant to Article 93 of the Articles of Association of the Company and being eligible offers himself for re-election as Director. (Resolution 5)
- 6) To re-appoint KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

Special Business

- 7) To approve payment of Directors' fees of \$100,288 for the year ended 31 March 2005. (2004: \$115,500) (Resolution 7)
- 8) To consider and, if thought fit, to pass the following resolution as an ordinary resolution, with or without amendments:

'THAT pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to allot and issue shares in the Company (whether by way of rights, bonus or otherwise) at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 50 per cent of the issued share capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company does not exceed 5 per cent of the issued share capital of the Company, and for

the purpose of this resolution, the percentage of issued share capital shall be calculated based on the Company's issued share capital at the time of the passing of this resolution after adjusting for new shares arising from the exercise of employee share options outstanding at the time of the passing of this resolution and any subsequent consolidation or subdivision of the Company's shares. Unless revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, this resolution shall remain in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. [see Explanatory Note (2)] (Resolution 8)

- 9) To transact any other ordinary business.

BY ORDER OF THE BOARD

Ler Ching Chua
Secretary

Singapore
8 June 2005

Notice of Books Closure Date

Explanatory Notes:

1. Mr Gerald Maxmillian Minjoot, if re-elected, will remain as a member of the Company's Audit, Remuneration and Nominating Committees and will also continue to be the Chairman of the Remuneration Committee. He will be considered as an independent director of the Company.
2. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued share capital will be calculated based on the issued share capital of the Company as at the date of the passing of this resolution after adjusting for new shares arising from the exercise of employee share options outstanding at the time of the passing of this resolution and any subsequent consolidation or subdivision of the Company's shares. This calculation is in accordance with Rule 806(3) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 18 July 2005 for the purpose of determining the shareholders' entitlements to the proposed dividend to be paid on 29 July 2005, subject to and contingent upon the shareholders' approval for the proposed dividend being obtained at the Annual General Meeting of the Company to be held on 30 June 2005.

Registrable transfers received by the Company's Share Registrar, Lim Associates (Pte) Ltd at 10 Collyer Quay #19-08, Ocean Building, Singapore 049315 up to 5.00 pm on 15 July 2005 will be registered before entitlements to the proposed dividend are determined.

BY ORDER OF THE BOARD

Ler Ching Chua
Secretary

Singapore
8 June 2005

Note:

A member of the Company entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote in place of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Company's registered office at 29 Loyang Crescent, Singapore 509015 not less than 48 hours before the time for holding the Meeting.

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Proxy Form

GRAND BANKS YACHTS LIMITED
 (Incorporated in the Republic of Singapore)
 (Company Registration no. 197601189E)

IMPORTANT

1. For investors who have used their CPF monies to buy Grand Banks Yachts Limited's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This proxy is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ NRIC/Passport/Co. Registration No. _____

of _____

being a member/members of **GRAND BANKS YACHTS LIMITED** hereby appoint

Name	Address	NRIC / Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC / Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting ('AGM') of the Company to be held on Thursday, 30 June 2005 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

No.	Resolutions Relating To:	For	Against
	AS ORDINARY BUSINESS		
1	Directors' Report and Audited Accounts for the financial year ended 31 March 2005		
2	Payment of proposed first and final dividend		
3	Re-election of Mr Robert William Livingston as director		
4	Re-election of Mr Gerald Maxmillian Minjoot as director		
5	Re-election of Mr Robert William Livingston II as director		
6	Re-appointment of KPMG as auditors		
	AS SPECIAL BUSINESS		
7	Approval of directors' fees		
8	Authority to allot and issue new shares		

Dated this _____ day of _____ 2005

Total Number of Shares Held

 Signature(s) of Member(s) or
 Common Seal of Corporate Member

IMPORTANT
 PLEASE READ NOTES OVERLEAF

Notes:

- 1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
- 2 A member entitled to attend and vote at a meeting of the Company is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- 3 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 29 Loyang Crescent, Singapore 509015 not less than 48 hours before the time set for the Annual General Meeting.
- 4 Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.
- 5 The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.
- 6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the power of attorney (or other authority) or a notarially certified copy thereof shall be deposited with the instrument of proxy, failing which the instrument may be treated as invalid.
- 7 Any corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting of the Company.
- 8 The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company may reject an instrument of proxy lodged if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time set for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Corporate Information

BOARD OF DIRECTORS

Executive

Robert William Livingston (Chairman)
Robert William Livingston II

Independent

Gerald Maxmillian Minjoot
Frank Schulz Utermoehl
Reggie Thein
Roger Gaimster Langdale

Audit Committee

Reggie Thein (Chairman)
Gerald Maxmillian Minjoot
Roger Gaimster Langdale

Remuneration Committee

Gerald Maxmillian Minjoot (Chairman)
Reggie Thein
Frank Schulz Utermoehl

Nominating Committee

Frank Schulz Utermoehl (Chairman)
Gerald Maxmillian Minjoot
Roger Gaimster Langdale

COMPANY SECRETARY

Ler Ching Chua

REGISTERED OFFICE

29 Loyang Crescent
Singapore 509015
Tel: (65) 6545 2929
Fax: (65) 6543 0029
Email: gbsg@grandbanks.com

AUDITORS

KPMG

Certified Public Accountants
16 Raffles Quay
Hong Leong Building #22-00
Singapore 048581
Partner-in-charge:
Law Way Ying, Richard
Appointed in September 2000

ANNUAL MEETING

The Annual General Meeting of Shareholders will be held:
30 June 2005, 10:00 a.m.
Republic of Singapore Yacht Club
52 West Coast Ferry Road
Singapore 126887

REGISTRAR & SHARE TRANSFER OFFICE

Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315

FACTORIES

GB Yachts Pte Ltd

29 Loyang Crescent
Singapore 509015
Tel: (65) 6545 2929
Fax: (65) 6543 0029
Email: gbsg@grandbanks.com

Grand Banks Yachts Sdn Bhd

PLO 488, Jalan Suasa
81707 Pasir Gudang
Johor, Malaysia
Tel: (607) 251 7488
Fax: (607) 251 7388
Email: gbmy@grandbanks.com

SALES & MARKETING

Corporate Office

Grand Banks Yachts Ltd
2100 Westlake Ave N, Suite 107
Seattle, WA 98109 USA
Tel: (206) 352 0116
Fax: (206) 352 1711

Northeast Sales & Service

2 Marina Plaza
Newport, RI 02840 USA
Tel: (401) 848 7550
Fax: (401) 848 7551

Southeast/West Coast Sales & Service

2951 Marina Bay Dr # 130-382
League City, TX 77573 USA
Tel: (281) 335 3993
Fax: (281) 754 4125

Europe Sales & Service

Nieuwe Werfkaai 5
8400 Ostend
Belgium
Tel: 32 (0) 5933 2184
Tel: 32 (0) 5932 2004





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509015 Singapore
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