

04 Sep 2006

Initiate Coverage

Current S\$0.735
 Target S\$1.05

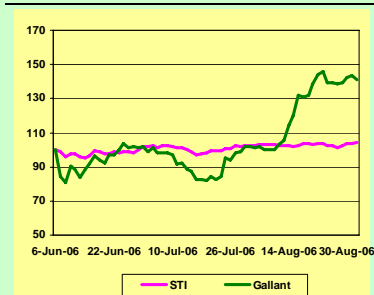
MAIN ACTIVITIES

Gallant Venture owns and operates assets mainly located in the Riau Archipelago of Indonesia. Its assets include industrial parks in Batam and Bintan, ferry services from Singapore to Bintan, and vast amount of land in Bintan planned for resort development.

ISSUE STATISTICS

No of shares: 2,410.4m
 Market cap: S\$1771.7m
 Current Price: S\$0.735
 Year Hi/Lo: S\$0.79/S\$0.30
 Listing Bourse:
 SGX-Mainboard
 Listing Date: 06 Jun 2006

SHARE PRICE v STI



Source: SIAS Research

ANALYSTS

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Gallant Venture

Not Just for the Brave

BUY

"... we (Singapore) are working with Indonesia, to cooperate with them, to work on special economic zones in the Riaus ... Batam, Bintan and Karimun ... so that what it is more difficult to do in Indonesia across the board they can do first in the special economic zone, get it going, demonstrate and then you'd be able, it works, there's a basis to extend it to the rest of Indonesia. We are cooperating with Indonesia because we believe that it's good for us if Indonesia prospers, it's good for Asean if Indonesia prospers." - Mr Lee Hsien Loong, Singapore's Prime Minister, National Day Rally Speech on 20 Aug 06.

We believe that the Riau Islands will develop well in the years ahead with the help of the Singapore government through the inception of the Special Economic Zone in the region. Gallant Venture has positioned itself to fully take advantage of the SEZ.

Gallant Venture (Gallant) owns and operates not only the industrial parks and the resort properties in Riau, but also the essential infrastructure asset – such as utilities, telecommunications, and ferry services – that supports them. Gallant also owns a total of 18,400 ha of land bank in the northern and western part of Bintan, which can be used for resort, residential and commercial (northern part), and also industrial development (western part).

We believe that Gallant's value is locked within its vast land bank and once unlocked, it will create a virtuous cycle within its growth. Valuing its shares on its properties and also the potential growth with the development of properties, we believe Gallant's shares are worth S\$1.05 per share – a 42.6% premium above its current price and a P/BV of 2.1x.

| Financial Summary | | | | |
|--------------------------|-------|-------|-------|-------|
| Year End Dec | 2004 | 2005 | 2006F | 2007F |
| Turnover | 202.0 | 227.1 | 261.1 | 313.3 |
| EBIT | 28.2 | 27.9 | 32.6 | 43.9 |
| Earnings | 12.7 | 6.1 | 10.4 | 15.7 |
| EPS Growth (%) | 65.6 | -52.8 | 73.3 | 50.0 |
| P/E (x) | 139.5 | 290.2 | 169.6 | 113.1 |
| P/BV (x) | 1.5 | 1.5 | 1.5 | 1.5 |
| ROE (%) | 1.1 | 0.5 | 0.9 | 1.3 |
| Current ratio (x) | 6.5 | 5.8 | 5.1 | 4.5 |

Source: Company, SIAS Research

Refer to last page for important disclaimer

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**Four main
businesses**

COMPANY

Riau Island infrastructure specialist: Gallant Venture Ltd (Gallant) was incorporated on 7 Apr 03 and was listed on the SGX-Mainboard on 6 Jun 06. It owns and operates assets mainly located in the Riau Archipelago of Indonesia, namely in Bintan and Batam. Its assets include industrial parks in Batam and Bintan, ferry services from Singapore to Bintan, and vast plots of land in Bintan planned for resort development.

Four main areas of operations: Gallant operates four main businesses: utilities, industrial parks, resort operations, and property developments.

1. Utilities

Under the utilities segment, Gallant supplies electricity, telecommunications, water and waste management services to its industrial parks and resorts in Bintan and Batam. Gallant has invested about S\$409m to construct its utilities infrastructure and resources.

2. Industrial Parks

Gallant also owns and manages the Batamindo Industrial Park (BIP) in Batam and the Bintan Industrial Estate in Bintan. Net total area of these two parks sum up to approximately 630,000 sq m – about the size of about 126 football fields – valued at approximately S\$442m.

3. Resort Operations

In resort operations, Gallant provides integrated support facilities and services to four resorts and seven hotels in the Bintan Resort. Its services include: ferry services and ferry terminal operations, travel agency, property rental and worker's accommodation, and conservancy such fire fighting, security, vector monitoring, environment and medical support, and even estate and township maintenance.

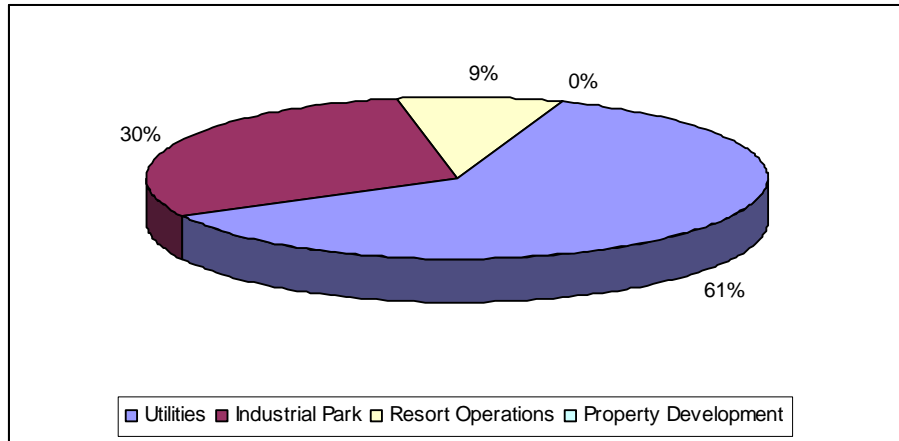
4. Property Development

Under property development, Gallant owns about 18,200 ha – or about 36,400 football fields - of land in the northern and western region of Bintan valued at approximately S\$541m. This land reserve is earmarked for sale and development and can be developed into resort, industrial, commercial, or residential developments.

Utilities segment contributed over 61% to Gallant's total revenue in FY05, while resort operations and industrial park contributed 9% and 30% respectively. Development property segment did not contribute any revenue as no land sales were made.

**81% owned
by four main
shareholders**

Figure 1: Revenue contribution from each segment



Big names in shareholder list: Four companies have substantial shareholdings in Gallant, namely:

1. Salim Group
2. Sembcorp Industries Ltd(SCI)
3. Ascendas
4. Parallax Capital Management

These four companies make up over 81% of the company's shareholdings. The level of their shareholdings is presented below.

Figure 2: Major shareholders

| | Number of shares | Proportion |
|--------------------------------------------------|------------------|-------------|
| | '000 | % |
| PVP XXX (Parallax Capital Management Pte Ltd) | 627.3 | 26.2 |
| PT HR (Salim Group) | 647.1 | 21.0 |
| SembPark Holdings (SCI) | 507.0 | 26.8 |
| Ascendas | 176.4 | 7.3 |
| Total | 1,957.8 | 81.3 |

INDUSTRY ANALYSIS & OUTLOOK

Singapore helps Indonesia set up SEZ

Setting up the Special Economic Zone: On 25 Jun 06, Singapore's Prime Minister Mr Lee Hsien Loong and Indonesia's President Susilo Bambang Yudhoyono signed an agreement to set up Special Economic Zones or SEZs on the Indonesian islands of Batam, Bintan and Karimun. The objective is to help Indonesia improve the investment climate in these areas so as to attract more investors. To help promote these three areas to potential investors, encourage private sector investment in infrastructure projects, and train workers to meet industrial needs, Singapore and Indonesia have formed a Joint Steering Committee (JSC) to develop a roadmap for action. With the experience of the Singapore government in building economic zones, we believe that the special economic zone will make the Riau Islands more attractive to foreign investors once it is set up.

Seven investors plan to invest US\$543.2

Signs of success: Antara News reported on 23 Aug 06, that seven investors from Singapore, South Korea, and India plan to invest up to US\$543.2m in the SEZ. Five investors have already signed a Memorandum of Understanding (MOU) with the mayor of Batam and the Bintan authorities. Governor Ismeth Abdullah said that the province had attracted around US\$8b of investment from 10 to 15 years ago until the end of 2005. He believes that the province can attract up to a total of US\$15 billion of investment in the next five years if the government implements the Special Economic Zone program seriously.

Indonesia currently more politically stable

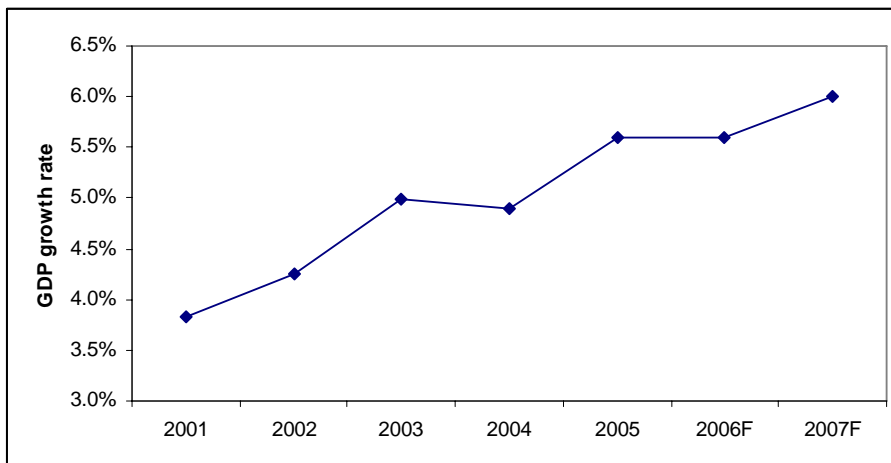
Politically more stable: The SEZ cannot succeed unless Indonesia can establish sustainable political and social stability. Indonesia has undergone much political and social turmoil since the financial crisis in 1997 and much has changed since the downfall of the Suharto regime. The President of Indonesia is now democratically elected – no longer by its parliament – while the military's involvement in politics has also been reduced. We believe that the political and social situation in Indonesia has been improving since the election of President Susilo Bambang Yudhoyono in Sep 04. The settlement of the Aceh unrest, the inception of the Papuan People's Council, and the doubling of fuel prices without protest were all signs of improvement in social stability in Indonesia. If peace and stability continues, we believe further economic improvements will follow.

Economic growth short of the targeted 7%

Still room for economic improvement: The Indonesian economy grew at an average rate of 4.5% between 2001 and 2004. GDP growth improved in 2005 to 5.6% from 4.9% achieved in 2004 even though the nation underwent challenging conditions of rising oil prices and natural disasters in the year. Antara News reported (on 22 Jun 06) that Credit Suisse has upgraded its 2006 GDP forecast for Indonesia to 5.6% from 5.0%, but have left its 2007 forecast at 6.0%. Though Indonesia's GDP growth is now stronger

than the pre-Yudhoyono period, it is still short of the 7% targeted by the President during his election.

Figure 3: Indonesian GDP Growth

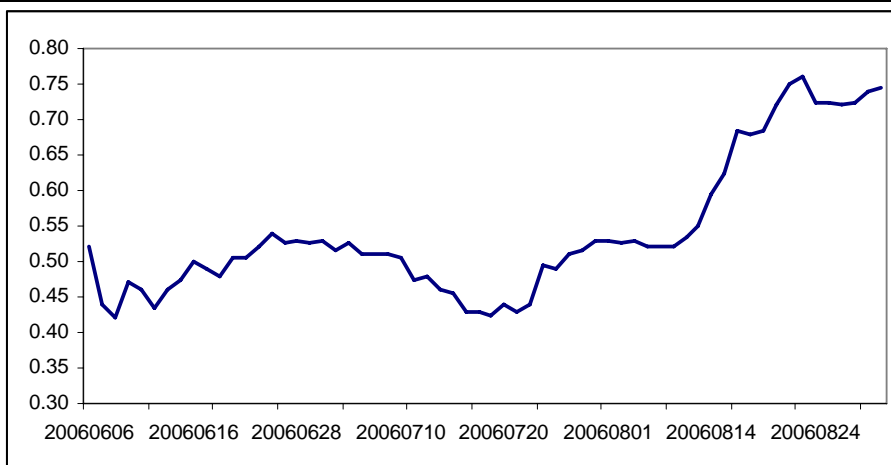


Source: Bank Indonesia, SIAS Research

No casino expected in the short term

Casino unlikely in the short term: Talks of Gallant acquiring a licence to operate casinos soon in Bintan has been rampant in the market over the last few weeks. Prices of Gallant rose as much 75% in Aug 06 backed by such rumours. While Indonesia may consider allowing casinos to operate after Singapore's casinos start operating in 2009, we believe that the world's largest Muslim country is unlikely to bend its conservative principles for economic benefit in the short term. We believe Gallant's vision of turning Bintan into a Phuket or Bali-type resort to compliment services for visitors to Singapore (for business or leisure) is a more rational strategy than one that is contingent mainly on the casino licence.

Figure 4: Gallant's share prices



Source: Bloomberg

Shareholders' reputation a good signal

Strong government support

INVESTMENT MERITS

Strong shareholders provide positive signals: As mentioned above, the four main shareholders constitute 81% of Gallant's total shareholdings. These are reputable firms and their involvement in Gallant gives credibility to the firm and its future development strategy. (a brief description of the four major shareholders can be found in Appendix III)

Good compliment to Singapore's development: Though Singapore is expected to attract more tourist to the nation with the upcoming Integrated Resorts (IR), it lacks some services due to resource constrain. One such service is a world-class beachfront resort. The Bintan plan formulated by Gallant will be a good compliment to Singapore since it is only a 45 min ferry ride from the republic.

Strong support from Singapore and Indonesian governments: In his National Day Rally Speech, Prime Minister Lee Hsien Loong said that "if Indonesia prospers, it will be good for ASEAN and Singapore." We believe that the Riau Islands will be a strong contributor to the prosperity of Indonesia and the governments from both nations are working seriously to improve the economic development. These government efforts to develop the Riau Island will be beneficial to Gallant directly.

Vast area of land bank waiting to be unlocked: Gallant owns about 18,200 ha or 182 sq km of land in Bintan. This is more than one quarter of Singapore's total land size. About 14,400 ha of the land held can be used for resort, commercial, residential development, while the remaining 3,800ha is planned for industrial parks development. Given that beachfront properties in Bali can fetch a price of between S\$200 to S\$300 psm, the water front portion of Gallant land bank could potentially provide the firm with revenues of between S\$8.6b and S\$13.0b assuming that 30% of the resort land bank is waterfront property. At the current value of S\$541.1m (valued by Colliers International on 1 Feb 06), the land value is approximately S\$3.0 psm.

Business performance is conditional on Bintan's development

RISKS

Business structure not as diversified as it seemed: Though Gallant seems to hold a well-diversified portfolio of business, further analysis suggests otherwise. Revenue from utilities segment, which constituted 61% of Gallant's revenue in 2005, moves in tandem with the occupancy rates of both industrial parks and resorts as utilities services cater for these areas. Furthermore, Gallant's resort operation business also depend on the demand for resort stays because it only plays a supporting role to the resorts on Bintan.

Future growth of Gallant therefore rests on its ability to develop Bintan's vibrancy through its role of master planner for the island. Without further developing its vast land bank, Gallant's growth will be limited to nothing more than improvement of efficiency and reduction of cost.

Avian-flu infecting economy as well as population: Last month, Indonesia detected a patient suffering from the avian influenza. Even though Indonesia is trying to curb the spread of bird flu, difficulties abound. Firstly, Indonesia's population is spread over 17,000 islands with many rearing their own birds. It is therefore difficult for the government to track down and isolate infected cases. Secondly, as the Indonesian government does not have the financial means to compensate bird-owners, it is difficult to get these owners to cooperate with culling programs. To compound the matter, the government can only afford US\$150 million out of the required US\$900 million for the containment program and because the government failed to produce a detailed report on the planned expenditure, international donors are reluctant to donate.

Although the H5N1 virus is usually spread to humans through direct contact with infected poultry or surfaces and objects contaminated with their faeces, the fear of contacting this disease may deter tourists to include Bintan as part of their travel plans. This situation would be worse if the virus mutates into a form that is highly infectious for humans and spreads easily from person to person.

Terrorist still a risk

Terrorist activities deterring foreign investments and tourists: Terrorists have been very active in Indonesia in 2000 and bombings have been occurring almost yearly in the months of August to October from 2002 onwards. Bombings occurred at Jakarta's Marriot Hotel, the Australian Embassy in Indonesia, key tourist destination Bali and churches in Jakarta which clearly spelt that the terrorists were targeting foreigners.

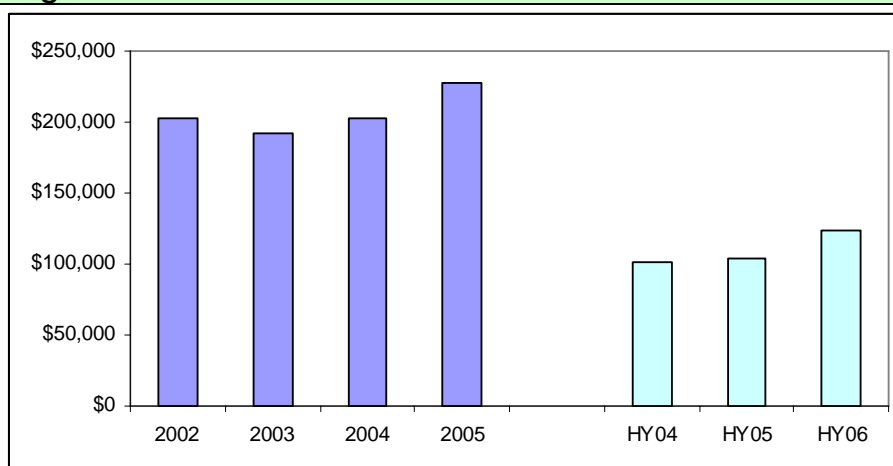
This is a deterrent not only to tourists but also to foreign companies planning to expand in South East Asia, which is adverse to Gallant.

Revenues up with higher tariffs

FINANCIALS

Higher tariffs improve revenue in FY05 and HY06: Gallant's revenue grew from S\$202.3m in FY02 to S\$227.1m in FY05 – an average growth rate of 4.2%. The spread of SARS (Severe Acute Respiratory Syndrome) and the downturn in the electronic sector caused revenue in FY03 to dip 5.2%. Revenue growth subsequently improved in FY05 and also HY06 – of 12.4% and 19.1% respectively. Improvement in tourist arrivals, better utilities revenue due to integration of the power plant operations, and increased electrical tariffs due to higher fuel cost all contributed to the higher revenue. Revenue earned in HY06 was S\$123.5m.

Figure 5: Revenue



Source: Company

Dipping gross profits: Gross profit have been slipping since 2002 due to narrowing of margins. Gross profit in FY05 was S\$57.4m – almost 30% lower than the gross profit level achieved in FY02. For HY06, gross profit was 19% lower than the S\$30.2m earned in the same period the previous year. Gross profit margin fell on average of 4.8%-points between FY02 and HY06, from 40.4% to 21.4%. Higher fuel cost is one main reason for the lower gross profit and tighter margins in FY05 and HY06.

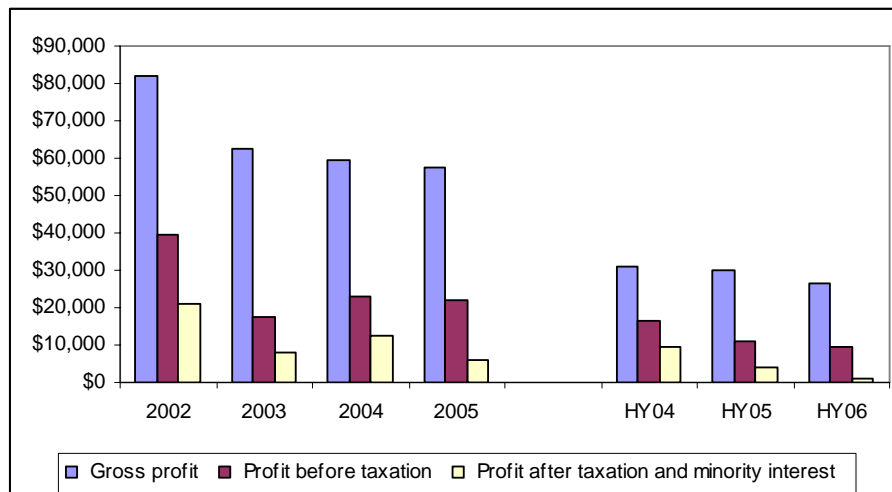
Four years of volatile profits

Volatile profits and slipping margins: Profits for the four years have been volatile as the region had faced many challenges – from SARS to oil price shocks. Over the four years, net profit had dived as much as 63% and had also jumped as much as 63%. Net profit for FY05 was S\$6.1m while HY06 was S\$1.2m - 51.9% and 71.6% lower yoy respectively. Net profit margins have also been slipping consistently from 10.4% in FY02 to just 1% in HY06.

Investment cash flows negative

Lower leverage

Figure 6: Profits and margins



| Margins | 2002 | 2003 | 2004 | 2005 | HY06 |
|-------------------|-------|-------|-------|-------|-------|
| Gross profit | 40.4% | 32.7% | 29.5% | 25.3% | 21.4% |
| Profit before tax | 19.6% | 9.3% | 11.3% | 9.8% | 7.6% |
| Net Profit | 10.4% | 4.1% | 6.3% | 2.7% | 1.0% |

Source: Company

High level of investments: Gallant has been incurring large investing outflows due to increased property, plant, and equipment and also investment in subsidiary. To finance its investment outflows, Gallant has raised cash through financing in HY06. The firm's cash balance currently stands at S\$68.5m

Figure 7: Cash flow

| | FY04 | FY05 | HY06 |
|-------------------|----------|----------|-----------|
| | S\$'000 | S\$'000 | S\$'000 |
| Operating | 68,121 | 34,707 | 38,457 |
| Investing | (7,087) | (31,270) | (202,670) |
| Financing | (55,087) | (12,722) | 232,437 |
| Net cash flow | 5,947 | (9,285) | 68,224 |
| Opening Cash Flow | 59,621 | 65,568 | 252 |
| Closing Cash Flow | 65,568 | 56,283 | 68,476 |

Source: Company

Improving leverage: Gallant's financial leverage improved from 0.08x in FY05 to 0.06x in HY06 due to lower level of interest bearing debts and also higher cash and equity level. As the firm will be developing the infrastructure at Lagoi Bay in Bintan, leverage may move higher to finance the development.

Figure 8: Leverage

| | FY04 | FY05 | HY06 |
|---------------------|-------------|-------------|-------------|
| | S\$'000 | S\$'000 | S\$'000 |
| Total Debts | 167,586 | 155,203 | 137,633 |
| Cash | 65,568 | 56,283 | 68,476 |
| Net Debt | 102,018 | 98,920 | 69,157 |
| <i>Total Equity</i> | 1,222,509 | 1,227,368 | 1,244,740 |
| Gearing ratio | 0.08x | 0.08x | 0.06x |

VALUATIONS

Potential soon to be unlocked

Performance affected by lack of property sale: While rising oil prices affected Gallant's performance in HY06, the overall lack lustre performance in the past years can be attributed to two factors - terrorist activities and natural disasters. Gallant's financial performance is really reliant on how vibrant Bintan can become. As we mentioned in the risk segment (above), further revenue growth from the utilities and the resort segment is conditional on the further development of the land bank in Bintan. As not much development had taken place in the past years, Gallant had not been able to improve its profitability due to lack of property sales and its inability to augment services.

All these are set to change with the formation of the SEZ. Gallant has already started to develop Lagoi Bay. We believe there will be demand for the properties in Bintan, especially when tourism in Singapore becomes more buoyant with the upcoming IRs.

Valuation: Though Gallant has much growth potential, we do not think the potential will be "unlocked" in the next two years. We believe the management will be working diligently to improve margins while developing Lagoi bay for the two years ahead. We believe they will be able to improve margins to levels close to that of early 2000.

To value Gallant, we have applied a combination of asset revaluation for its land bank and also a modified PE valuation method for its utilities, resort, and industrial park operations. We believe that Gallant will develop its waterfront regions of its land banks in the next five years as its lease is base on a 30 + 20years arrangement. We have included only the waterfront portion of Gallant's land bank in our valuation.

We also believe that profits from utilities and resort operations will grow at an average of 30% as Gallant increases its developments in Bintan. Applying a required return of 14.0%, the value of Gallant is estimated at S\$1.05 – a P/BV of 2.1x and a premium of 42.6% over the current price. Initiate with **Buy**.

| Figure 9: Required equity return | |
|-----------------------------------------|-------|
| Risk free rate | 3.50% |
| Market Returns | 12% |
| Beta | 1.24x |
| Required Rate of Return | 14.0% |

FINANCIAL TABLES & RATIOS

| Year End Dec | 2004 | 2005 | 2006F | 2007F |
|--------------------------------|-------------|-------------|--------------|--------------|
| Profit & Loss (\$m) | | | | |
| Turnover | 202.0 | 227.1 | 261.1 | 313.3 |
| EBIT | 28.2 | 27.9 | 32.6 | 43.9 |
| Pretax | 22.8 | 22.2 | 23.5 | 32.9 |
| Earnings | 12.7 | 6.1 | 10.4 | 15.7 |
| EPS (fully diluted - cts) | 0.53 | 0.25 | 0.43 | 0.65 |
| Balance Sheet (\$m) | | | | |
| Long Term Assets | 811.1 | 796.0 | 822.3 | 852.3 |
| Current Assets | 691.3 | 700.6 | 702.8 | 709.2 |
| Current Liabilities | 106.7 | 120.3 | 138.3 | 159.1 |
| Long Term Liabilities | 173.3 | 149.0 | 149.0 | 149.0 |
| Total Equity | 1,222.5 | 1,227.4 | 1,237.8 | 1,253.5 |
| Cash Flow (\$m) | | | | |
| Operating Cash Flow | 68.1 | 34.7 | 20.1 | 26.9 |
| Investing Cash Flow | (7.1) | (31.3) | (26.4) | (30.0) |
| Financing Cash Flow | (55.1) | (12.7) | 0.0 | 0.0 |
| Net Cash Increase/(Decrease) | 5.9 | (9.3) | (6.3) | (3.1) |
| Cash at year end | 65.6 | 56.3 | 50.0 | 46.9 |
| | | | | |
| Financial Ratios | 2004 | 2005 | 2006F | 2007F |
| Revenue Growth (%) | 5.4 | 12.4 | 15.0 | 20.0 |
| EBIT Profit Growth (%) | 31.8 | (1.0) | 16.9 | 34.4 |
| Earnings Growth (%) | 63.0 | (51.9) | 71.1 | 50.0 |
| EPS Growth (%) | 65.6 | (52.8) | 73.3 | 50.0 |
| EBIT Margin (%) | 14.0 | 12.3 | 12.5 | 14.0 |
| Net Margin (%) | 6.3 | 2.7 | 4.0 | 5.0 |
| Current Ratio (x) | 6.5 | 5.8 | 5.1 | 4.5 |
| Return on Equity (%) | 1.1 | 0.5 | 0.9 | 1.3 |
| Return on Asset (%) | 1.9 | 1.9 | 2.1 | 2.8 |
| | | | | |
| Valuations | 2004 | 2005 | 2006F | 2007F |
| Price to sales (x) | 8.8 | 7.8 | 6.8 | 5.7 |
| PER (x) | 139.5 | 290.2 | 169.6 | 113.1 |
| Price to book (x) | 1.5 | 1.5 | 1.5 | 1.5 |

Source: Company, SIAS Research

Appendix I – Board of Directors

| Position | Name |
|-------------------------------------------------|-------------------------|
| CEO and Executive Director | Mr Eugene Cho Park |
| Independent Director and Non-Executive Director | Mr Lim Hock San |
| Non-Executive Director | Ms Low Sin Leng |
| Independent Director | BG (Ret) Chin Chow Yoon |
| Independent Director | Mr Rivaie Rachman |
| Independent Director | Mr Foo Ko Hing |

Mr Eugene Cho Park (Chief Executive Officer and Executive Director) is responsible for the overall management of Gallant. He was appointed to its Board on 1 February 2006. He founded Parallax Capital Management group (Parallax), a fund manager operating in the Cayman Islands, in 1999 which also operates in Singapore as an alternative investment manager through Parallax Capital Management Pte Ltd. Mr Park is also the director of several companies of which Parallax is a manager or has invested, including the PV Fund. Prior to the founding of Parallax, he had 15 years of investment banking experience with Credit Suisse First Boston in London, Chase Manhattan Asia Ltd in Hong Kong and Banque Paribas in Singapore.

Mr Park graduated with a degree in Chemistry from Princeton University and has a Master of Business Administration from INSEAD in France.

Mr Lim Hock San (Independent Director and Non-Executive Director) is presently also the President and Chief Executive Officer of United Industrial Corporation Limited as well as Singapore Land Limited. Gallant appointed Mr Lim to the Board on 1 February 2006. He is also a fellow of The Chartered Institute of Management Accountants (UK). Mr Lim began his career as an Assistant Tax Examiner with the then Inland Revenue Department, then he became an Accountant at Mobil Oil Malaya Sdn Bhd before joining the Port of Singapore Authority in 1968, where he served in various management positions. Finally, Mr Lim became the Director-General of Civil Aviation Authority of Singapore.

Mr Lim graduated from the University of Singapore with a Bachelor of Accountancy degree, has a Master of Science (Management) degree from the Massachusetts Institute of Technology and also attended the Advanced Management Program at Harvard Business School. He is a recipient of the Singapore Government Public Administration Medal (Gold) and the Public Service Medal.

Ms Low Sin Leng (Non-Executive Director) is the Executive Chairman of SembCorp Parks Holdings Ltd and SembCorp Parks Management Pte Ltd. She was appointed to Gallant's Board on 8 December 2004. Concurrently, she is also the Senior Executive Director of SembCorp Industries Ltd, Vice-President Director of PT BIC and PT BIIE and Chairman of SemHotel Management Pte Ltd.

Ms Low was a President's Scholar and had served in the Administrative Service of the Singapore Government from 1975 to 1995. She graduated with a Bachelor of Engineering (Electrical & Electronics) (First Class Honours) from the University of Alberta, Canada and holds a Master of Business Administration (High Distinction) from



the Catholic University of Leuven, Belgium. She had also attended the Advanced Management Program at Harvard Business School.

BG (Ret) Chin Chow Yoon (Non-Executive Director) is the Vice-President Director of PT Bintan Resort Cakrawala (BRC) and Chief Executive Officer of Bintan Resort Development Corporation Pte Ltd. He was appointed to Gallant's Board on 8 December 2004. He is also an Executive Director of Singapore Discovery Centre Ltd. BG (Ret) Chin first joined the Group in 1997 as the Vice-President Director and General Manager of PT BRC. Prior to that, he served as Chairman of Bintan Resort Ferries Pte Ltd and as a director on the boards of Chartered Firearms Industries Pte Ltd (now known as Ordnance Development and Engineering Company of Singapore (1966) Pte Ltd), Singapore Commuter Pte Ltd, and Vickers Capital Ltd (formerly known as SAL Industrial Leasing Ltd). He was also the Chairman of Singapore Pools Pte Ltd from 2002 to 2004. He started his career with the Singapore Armed Forces and retired with the rank of Brigadier-General.

He graduated from the US Army War College and the US Marine Corps Command and Staff College in 1976. He attended the Stanford-NUS Executive Program in 1986.

Mr Rivaie Rachman (Independent Director) is and has been a Consultant for the Riau Economic Development Board since 1970. On 8 December 2004, he was appointed to Gallant's Board. He was also the Vice Governor of Riau Province from 1994 to 1999, Head of the Riau Investment Coordination Board from 1988 to 1994 and Head of the Riau Economic Planning Board from 1978 to 1988. Prior to that, he was the Head of Finance in the Riau Governor Office from 1963 to 1965, President Director of the Development Bank of Riau from 1965 to 1968 and the Head of the Riau Economic Development Board from 1968 to 1978.

Mr Rachman graduated with a Bachelor of Economics from the University of Padjajaran, Bandung, in 1963.

Mr Foo Ko Hing (Independent Director) is currently the Chief Financial Officer and a Director of the Biovate Corp Bhd. was appointed to Gallant's Board on 8 December 2004. He started his career with PriceWaterhouse, Singapore as an auditor then joined the Hong Kong and Shanghai Banking Corporation Ltd (HSBC) where he served in various positions. He also was the Executive Director and Chairman of the Exco of CAM International Holdings Ltd.

Mr Foo graduated with a Bachelor of Arts (Honours) Degree in Economics and Accounting from University of Newcastle Upon Tyne, United Kingdom in 1981.

Appendix II – Management Team

| Position | Name |
|--------------------------------------------------|---------------------------------------|
| Chief Financial Officer | Mr Choo Kok Kiong |
| Corporate Human Resource Manager | Mr Elfast Goh Eng Pheng |
| General Manager of PT BRC | Mr Albel Singh |
| Director of PT BRC | Mr Kuharajahsingam s/o Karalasingam |
| General Manager of BRF | Mr Gunawan Adiwibowo |
| General Manager of PT BIC | Mr Johannes Sulistijawan Surjaatmadja |
| General Manager of PT BIIE | Mr Malcolm Alphonso |
| Executive Director and General Manager of PT BEV | L/LTC (Ret) Wee Guan Yak |

Mr Choo Kok Kiong (Chief Financial Officer) oversees the Corporate Services Division of the Group. He joined Gallant on 1 January 2005. Prior to joining the Group, Mr Choo held various management positions in the SCI Group, and was the Vice President of the finance division of SembPark and SembCorp Parks Holdings Ltd from 2003 to 2004. Prior to that, he was with SCI from 2001 to 2003 and his last held appointment in SCI was Assistant Vice President of SCI Group's finance department. Between 1996 and 2001, he was with Singapore Precision Industries Pte Ltd overseeing its accounts and finance department's operations and last held the position of Accounts Manager before his transfer to SCI. He was also a Group Accountant with PT Trakindo Utama (including its Singapore subsidiaries Trakindo Utama Pte Ltd and Nusuntara Support Services Pte Ltd). Mr Choo began his career as an Accounts Officer with OCBC Finance (S) Ltd in 1993.

He obtained a diploma in accountancy (with Merit) from Ngee Ann Polytechnic in 1990 and holds a Master of Business Administration jointly awarded by the University of Wales and the University of Manchester. He has been a member of the Institute of Certified Public Accountants of Singapore (ICPAS) since 1997 and is also a fellow member of the Association of Chartered Certified Accountants in the United Kingdom.

Mr Elfast Goh Eng Pheng (Corporate Human Resource Manager) is responsible for the strategic human resource management of Gallant. He joined the Group on 1 October 2004. Prior to joining the Group, Mr Goh was the Human Resource Manager of ILI from 2002 to 2004, Delifrance Singapore Pte Ltd from 2000 to 2001 and The Coffee Bean & Tea Leaf (Singapore) Pte Ltd from 1997 to 2000. Mr Goh also held various human resource supervisory positions in several companies including in Rubycon Singapore Pte Ltd and Pentex-Schweizer Circuits Limited.

Mr Goh holds an Advanced Diploma in Strategic Management of Human Resources from Nanyang Polytechnic and has a Bachelor of Arts in Chinese Language and Culture from Beijing Language and Culture University. He also holds a Bachelor of Business Administration from Vancouver University.

Mr Albel Singh (General Manager of PT BRC) is responsible for the day-to-day management of BR joined the Group as Assistant General Manager of PT BRC in 2002. Prior to joining the Group, Mr Singh worked with the Ministry of Home Affairs as a Chief Training Officer after 30 years of service in the Ministry of Defence where he rose to the position of Brigade Commander holding the rank of Lieutenant-Colonel.



Mr Albel Singh has a Diploma in Management Studies from the Singapore Institute of Management.

Mr Gunawan Adiwibowo (Director of PT BRC) is responsible for the Group's property development business. He joined the Group in 1994. Prior to joining the Group, Mr Adiwibowo was the Head of the Sales and Marketing Division in PT Wahana Inti Central Mobilindo from 1989 to 1994, and the Product/ Sales Manager of PT Indoturbine from 1987 to 1988. Prior to his employment with PT Indoturbine, Mr Adiwibowo worked in various positions in several companies, including as a Sales Manager in PT Asosiasi Perdagangan International, and a Sales Engineer in PT Satya Wiryana.

Mr Adiwibowo graduated with a Diploma in Process Engineering from Frankfurt Hochschule in Germany

Mr Kuharajahsingam s/o Karalasingam (General Manager of BRF) is responsible for the operation of ferry services between Singapore and BR joined BRF in 2003. Prior to joining BRF, Mr Kuharajahsingam was with the Singapore Armed Forces for more than 30 years where he rose to the position of Colonel before joining the Defence Science and Technology Agency as a Project Officer from 2001 to 2003.

Mr Kuharajahsingam completed his secondary school education in Singapore and attended the Stanford-NUS Executive Program jointly conducted by Stanford University and the National University of Singapore in 1986. He has also been awarded diplomas for attending remedial programs at Air University, United States Air Force, Alabama. Mr Kuharajahsingam has been awarded several medals for his service in the Singapore Armed Forces, including the Long Service Medal in 1994 and 1995, the Public Administration Medal (Silver) in 1990 and the Public Administration Medal (Bronze) in 1978.

Mr Johannes Sulistijawan Surjaatmadja (General Manager (Corporate) of PT BIC) is responsible for overseeing the operation of the General Administration Division, Finance Division General Affairs and Human Resource Division of PT BIC, joined the Group since 1990. Prior to 1990, Mr Surjaatmadja was the General Manager of PT Inti Salim Perkasa from 1984 to 1990. Mr Surjaatmadja was the Manager of Finance and Control in Freeport Indonesia Incorporated from 1974 to 1984 and prior to that, he was a lecturer at the Universitas Negeri Diponegoro in Indonesia from 1970 to 1974.

Mr Surjaatmadja graduated with a Bachelor of Economics from Universitas Diponegoro in 1970 and obtained a Master of Economics from Universitas Negeri Diponegoro in 1973. He obtained a Doctor of Economics from the University of Airlangga in 2005 and also holds a Master of Business Administration from the University of South Australia.

Mr Malcolm Alphonso (General Manager of PT BIIE) is responsible for the planning, development and growth of BIE. He joined the Group in 1994 as Assistant General Manager of PT BIIE. Prior to that, he was with the Singapore Armed Forces in numerous staff and command appointments, including overseas postings, from 1967 to 1994 where he rose to the rank of Lieutenant-Colonel.



Mr Alphonso obtained a Diploma in Training and Development Management from the Singapore Institute Management in 1989.

L/LTC (Ret) Wee Guan Yak (Executive Director and General Manager of PT BEV) is responsible for the management and operations of PT BEV. He joined the Group since 1997 and was previously the General Manager (Operations) with 2 Indonesian companies from 1994 to 1997. Prior to that, he was with the Ministry of Defence from 1991 to 1994, after having worked in various command staff and instructional appointments in the Singapore Armed Forces from 1967 to 1991 where he rose to the rank of Colonel.

L/LTC (Ret) Wee completed his pre-university school education in Singapore and completed the Strategic Management Services program with INSEAD in France in 2001.

Appendix III – Substantial Shareholders

Parallax Capital Management (Parallax), founded in early 1999, is an alternative investment management company based in Cayman Islands and Singapore. Parallax's focus is on alternative investment products in Asia including hedge funds, fund of funds, private equity and venture capital. It currently has approximately US\$700 million under management.

SembCorp Industries' (SCI) main businesses are Integrated Utilities and Energy, Environment Management and Marine Engineering. It provides integrated utilities and energy to industrial customers in Singapore, the United Kingdom and the region. It is also a leading global marine and offshore engineering group. SCI has total assets exceeding S\$7.4 billion and employs more than 8,000 employees.

Salim Group (Salim) is a diversified holding company with dealings in dairy products, flour milling, cooking oil, automobile assembly, property, banking and insurance, and retail. Salim owns interests in companies primarily in Indonesia but also in other countries such as Singapore, the Philippines, Thailand, Hong Kong, China, Vietnam, North America, Europe, and Australia.

Ascendas is a provider of business space solutions to business, science, high-tech and industrial parks that also provides seamless solutions spanning over the entire real estate value chain to include e-infrastructure and business networking. Customers are able to enjoy complete "Plug-and-play" business environments in key markets in Asia.

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As of the date of the report, the analyst and his immediate family do not hold positions in the securities recommended in this report.

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