

GALLANT VENTURE LTD

Registration Number: 200303179Z

991A Alexandra Road #02-06/07
Singapore 119969

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www.gallantventure.com

**First Quarter 2011 Financial Statements and Dividend Announcement****UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

The Board of Directors of Gallant Venture Ltd announces the following unaudited results of the Group for the period ended 31 March 2011.

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

	GROUP		
	1st Qtr 2011 S\$'000	1st Qtr 2010 S\$'000	Incr/(Decr) %
Revenue	44,504	47,882	(7.1)
Cost of sales	(37,888)	(39,633)	(4.4)
Gross profit	6,616	8,249	(19.8)
General and administrative expenses	(2,863)	(2,719)	5.3
Other operating expenses	(5,835)	(5,666)	3.0
Other income net of other expenses	1,076	584	84.2
Interest income	5,029	1,250	302.3
Finance costs	(4,262)	(1,186)	259.4
Exchange gain	(338)	475	(171.2)
Share of associate company's profit	12	2	N.M
(Loss)/Profit before tax	(565)	989	(157.1)
Taxation	(2,732)	(2,949)	(7.3)
Loss after tax for the period	(3,297)	(1,960)	68.3
Other comprehensive income:			
Exchange differences on translating foreign operations	(198)	143	43.4
Other comprehensive income for the period	(198)	143	43.4
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD	(3,495)	(1,817)	70.2
Loss attributable to:			
Equity holders of the Company	(2,980)	(1,556)	91.5
Non-controlling interests	(317)	(404)	(21.5)
	(3,297)	(1,960)	68.2
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	(3,182)	(1,425)	95.0
Non-controlling interests	(313)	(392)	(20.2)
	(3,495)	(1,817)	70.2

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1(a)(ii). *Profit before taxation is arrived at after charging/(crediting) the following significant items.*

	Group	
	1st Qtr 2011 S\$'000	1st Qtr 2010 S\$'000
Amortisation of intangible assets	33	40
Depreciation of property, plant and equipment	7,894	9,104
Depreciation of investment properties	5,521	4,644
Gain on sale of property, plant and equipment	(80)	(3)
Gain on sale of investment properties	(11)	-
Gain on sale of a subsidiary	(21)	-

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

	<u>Group</u>		<u>Company</u>	
	<u>31.03.11</u>	<u>31.12.10</u>	<u>31.03.11</u>	<u>31.12.10</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Non-current assets				
Intangible assets	1,370	1,403	1	3
Property, plant and equipment	329,232	334,588	255	287
Investment properties	248,268	253,733	-	-
Subsidiaries	-	-	1,207,642	1,207,642
Associated companies	14,963	14,951	-	-
Deferred tax assets	4,258	4,286	-	-
Loan receivables	47,500	47,500	-	-
Notes receivables	275,061	278,613	275,061	278,613
Interest receivables from notes	17,305	12,383	17,305	12,383
Other non-current assets	2,925	2,896	-	-
	<u>940,882</u>	<u>950,353</u>	<u>1,500,264</u>	<u>1,498,928</u>
Current assets				
Land inventories	562,891	558,509	-	-
Other inventories	12,164	11,115	-	-
Trade and other receivables	49,265	44,526	129,938	124,844
Cash and bank balances	160,066	160,365	77,953	86,278
	<u>784,386</u>	<u>774,515</u>	<u>207,891</u>	<u>211,122</u>
Total assets	<u>1,725,268</u>	<u>1,724,868</u>	<u>1,708,155</u>	<u>1,710,050</u>
Non-current liabilities				
Deposits from tenants/golf membership	37,012	35,298	-	-
Employee benefits liabilities	7,890	7,625	-	-
Deferred tax liabilities	1,854	1,743	223	223
Loans and borrowings	254,264	256,616	254,236	256,572
Other liabilities	785	839	785	839
	<u>301,805</u>	<u>302,121</u>	<u>255,244</u>	<u>257,634</u>
Current liabilities				
Trade and other payables	71,531	67,986	30,643	26,799
Current tax payable	3,943	2,819	24	25
Current portion of loans and borrowings	79,315	79,773	226,448	227,214
	<u>154,789</u>	<u>150,578</u>	<u>257,115</u>	<u>254,038</u>
Total liabilities	<u>456,594</u>	<u>452,699</u>	<u>512,359</u>	<u>511,672</u>
Equity				
Share capital	1,207,642	1,207,642	1,207,642	1,207,642
Translation reserves	(1,110)	(908)	-	-
Retained profits/(accumulated losses)	35,696	38,676	(11,846)	(9,264)
Equity attributable to equity holders of the Company	<u>1,242,228</u>	<u>1,245,410</u>	<u>1,195,796</u>	<u>1,198,378</u>
Non-controlling interest	26,446	26,759	-	-
Total equity	<u>1,268,674</u>	<u>1,272,169</u>	<u>1,195,796</u>	<u>1,198,378</u>
Total liabilities and equity	<u>1,725,268</u>	<u>1,724,868</u>	<u>1,708,155</u>	<u>1,710,050</u>

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1(b)(ii). Aggregate amount of the Group's borrowings and debt securities.

	Group	
	31.03.11 S\$'000	31.12.10 S\$'000
(i) Amount payable in one year or less, or on demand		
Secured	78,901	79,668
Unsecured	414	105
	79,315	79,773
(ii) Amount repayable after one year		
Secured	254,236	256,571
Unsecured	28	45
	254,264	256,616
TOTAL	333,579	336,389

(iii) Details of any collaterals

During the period under review and further to the Shanghai acquisition as described in Paragraph 8 below, the Group secured above bank borrowings to finance the Shanghai acquisition and refinance the existing borrowings. The following assets of the Group were mortgaged to lenders to secure credit facilities for the Company and the Group:

1. Security Documents:
 - (i) Assignment of Notes as described in paragraph 8 below;
 - (ii) Deed of Sponsor's Undertaking;
 - (iii) Indonesian Guarantor Undertaking from certain subsidiaries in the Group; and
 - (iv) Share pledges / mortgages from companies relating to the Shanghai acquisition.
2. Pledge of shares of PT Batamindo Investment Cakrawala ("PT BIC"), PT Bintan Inti Industrial Estate ("PT BIIE"), PT Batam Bintan Telekomunikasi, PT Buana Megawisata ("PT BMW"), Verizon Resorts Limited and World Elite Investment Limited; and
3. Assignment of insurance proceeds, receivables and tangible assets of PT BIC, PT BIIE and PT BMW.

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

	Group	
	31.03.11 S\$'000	31.03.10 S\$'000
Cash flows from operating activities		
Profit before taxation	(565)	989
Adjustments for:		
Amortisation of intangible assets	33	40
Depreciation of property, plant and equipment	7,894	9,104
Depreciation of investment properties	5,521	4,644
Currency translation difference	312	50
Provision for employee benefits	308	430
Gain on sale of property, plant and equipment	(11)	-
Gain on sale of investment property	(80)	(276)
Gain on disposal of a subsidiary	(21)	-
Share of associate companies' profits	(12)	(2)
Interest expense	4,262	1,186
Interest income	(5,029)	(1,250)
Cash from operations before changes in working capital	12,612	14,915
Changes in working capital		
Increase in land inventories	(4,382)	(1,212)
Increase in other inventories	(1,049)	(45)
Increase in operating receivables	(7,880)	(16,675)
Increase in operating payables	2,522	6,823
Cash generated from operating activities	1,823	3,806
Income tax paid	(382)	(1,518)
Employee benefits paid	(43)	(21)
Interest paid	(1,195)	(1,593)
Interest received	107	1,250
Deposits received from tenants/golf members	1,714	110
Net cash generated from operating activities	2,024	2,034
Cash flows from investing activities		
Acquisition of intangible assets	-	(7)
Acquisition of property, plant and equipment	(2,694)	(706)
Investment in Notes	-	(217,930)
Proceeds from sale of property, plant and equipment	10	-
Proceeds from sale of investment property	125	2,090
Net proceeds from disposal of a subsidiary (Note A)	(7)	-
Deposits paid	(29)	(146)
Net cash used in investing activities	(2,595)	(216,699)
Cash flows from financing activities		
Loan from financial institutions	312	311,490
Repayment of bank loan	(40)	(100,751)
Net cash generated from financing activities	272	210,739
Net decrease in cash and cash equivalents	(299)	(3,926)
Cash and cash equivalents at beginning of period	160,365	118,717
Cash and cash equivalents at end of period	160,066	114,791

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**Note A: Disposal of a subsidiary**

The Group disposed of a subsidiary during the period. The carrying value of assets disposed of and liabilities discharged were as follow:

	31.03.11
	S\$'000
Net assets disposed of	
Property, plant and equipment	17
Bank Balance	247
Trade and other receivables	75
Trade and other payables	(120)
Gain on disposal of a subsidiary	21
Cash consideration	240
Cash balance in subsidiary disposed of	(247)
Cash outflow on disposal	(7)

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

Consolidated statement of changes in equity for the period ended 31 March 2011:

	Share capital	Translation reserves	Retained profits	Attributable to equity holders of the Company	Non-controlling Interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2010	1,207,642	(974)	29,359	1,236,027	28,807	1,264,834
Total comprehensive income/(loss) for the period	-	131	(1,556)	(1,425)	(392)	(1,817)
Balance as 31 March 2010	1,207,642	(843)	27,803	1,234,602	28,415	1,263,017
Balance as at 1 January 2011	1,207,642	(908)	38,676	1,245,410	26,759	1,272,169
Total comprehensive income/(loss) for the period	-	(202)	(2,980)	(3,182)	(313)	(3,495)
Balance as 31 March 2011	1,207,642	(1,110)	35,696	1,242,228	26,446	1,268,674

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**Statement of changes in equity of the Company for the period ended 31 March 2011:**

	Share Capital S\$'000	(Accumulated losses)/retained profits S\$'000	Total S\$'000
Balance as at 1 January 2010	1,207,642	(4,670)	1,202,972
Total comprehensive loss for the period	-	(966)	(966)
Balance as at 31 March 2010	1,207,642	(5,636)	1,202,006
Balance as at 1 January 2011	1,207,642	(9,264)	1,198,378
Total comprehensive loss for the period	-	(2,582)	(2,582)
Balance as at 31 March 2011	1,207,642	(11,846)	1,195,796

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

None

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

The total number of issued shares excluding treasury shares as at 31 March 2011 and 31 March 2010 were 2,412,482,556.

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

None.

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

The financial statements have not been audited or reviewed by the auditor.

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

Not applicable.

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

The Group has applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those of the audited financial statements as at 31 December 2010.

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

None.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding year, after deducting any provision for the preference dividends; (a) Based on weighted average number of shares and (b) On a fully diluted basis (detailing any adjustments made to the earnings)**

(Loss)/earnings per ordinary share for the period based on profit attributable to shareholders:

	Group	
	1st Quarter 2011 S\$'000	1st Quarter 2010 S\$'000
Loss	(2,980)	(1,556)
Based on weighted number of ordinary shares in issue – 2,412,482,556 in 2011 and 2010 respectively	(0.12 cents)	(0.06 cents)

There was no dilutive effect on Earnings per Share.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	31.03.11	31.03.10	31.03.11	31.03.10
Net asset value per ordinary share	51.49 cents	51.18 cents	49.57 cents	49.82 cents

The net asset value per ordinary share is calculated using the Group's net assets value as at the end of each period divided by the share capital of 2,412,482,556 ordinary shares.



8. ***A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.***

1st Quarter 2011 (1Q2011) vs 1st Quarter 2010 (1Q2010)

Profit & Loss Statement

The Group's 1Q2011 revenue was S\$44.5 million which was 7.1% lower than 1Q2010's S\$47.9 million. Lower revenue in 1Q2011 was mainly due to:

- Lower electricity revenue due to decrease in demand from Industrial Parks' tenants; and
- No factory building sale as compared to 1Q2010's S\$2.1 million.

Accordingly, lower cost of sales was registered in 1Q2011 but was partially impacted by higher fuel cost. The Group's cost of sales was S\$37.9 million, which was 85% of revenue, as compared to S\$39.6 million in 1Q2010, representing 82.8% of revenue. The Group's 1Q2011 Gross Profit margin of S\$6.6 million was 19.8% lower than 1Q2010's S\$8.2 million.

The Group's 1Q2011 "general and administrative expenses" increased marginally to S\$2.9 million from 1Q2010's S\$2.7 million. The increase was mainly due to higher office and office rental related expenses.

"Other income net of other expenses" of S\$1.1 million in 1Q2011 was higher than 1Q2010's S\$0.6 million and this was due to write back of excess provision for withholding tax.

The Group's 1Q2011 interest income of S\$5 million was 3 times higher than 1Q2010's S\$1.2 million, mainly due to interest income arising from the investment in notes issued by Market Strength Limited ("Notes") in March 2010 for the Shanghai acquisition. Correspondingly, the Group's interest expenses increased from 1Q2010's S\$1.2 million to S\$4.3 million in 1Q2011 and was due to higher external bank borrowings to finance the investment in the acquisition.

Higher exchange loss of S\$0.3 million in 1Q2011, as compared to 1Q2010's exchange gain of S\$0.5 million, was mainly due to foreign currency translation on USD denominated assets as a result of weaker USD/SGD exchange rate.

In line with lower revenue, the Group registered lower taxation of S\$2.7 million in 1Q2011 as compared to 1Q2010's S\$2.9 million.

With above, the Group's net loss attributable to shareholders was S\$3.0 million which was 91.5% higher than 1Q2010's S\$1.6 million.

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Balance Sheet

The Group's "property, plant and equipment" and "investment properties" were lower than FY2010's and was mainly due to depreciation and accounting for sale of investment property in 1Q2011.

Trade and other payables increased by S\$3.5 million and was mainly due to higher bank loan interest payable.

The Group's cash and bank balances as at 31 March 2011 were S\$160.1 million, representing S\$0.3 million decrease from FY2010's S\$160.4 million.

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

No forecast or prospect statement has been previously disclosed.

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

The Industrial Park business remains competitive as we face pressure on the rental rates from other industrial parks. Higher fuel and natural gas cost may negatively impact the Group's utilities and resorts businesses. The Group is confident on future land sales.

11. ***If a decision regarding dividend has been made.***

Not applicable.

12. ***If no dividend has been declared (recommended), a statement to that effect.***

No dividend has been declared (recommended) for the quarter ended 31 March 2011.

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13. Pursuant to Rule 920 of the SGX-ST Listing Manual, details of the aggregate value of the interested person transactions transacted.

The aggregate value of the interested person transactions for the financial period ended 31 March 2011 was as follows:

Name of interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
PURCHASES		
PT Herwido Rintis Management fee	-	116
PT Adhya Tirta Batam Purchases of treated water	-	627
SALES		
PT Alam Indah Bintan Sales	-	(678)
PT Straits CM Village Sales	-	(649)
Kirinsgate Angel Investment Pte Ltd Sales of BRFH - cash received	(240)	-

BY THE ORDER OF THE BOARD

CHOO KOK KIONG
COMPANY SECRETARY
10 May 2011

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CONFIRMATION BY DIRECTORS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We confirm on behalf of the Board of Directors of Gallant Venture Ltd., that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company for the First Quarter Financial Statements for the period ended 31 March 2011 to be false or misleading in any material aspect.

For and on behalf of the Board

A handwritten signature in black ink, appearing to be "E. Cho Park".

Eugene Cho Park
CEO / Executive Director

A handwritten signature in black ink, appearing to be "Gianto Gunara".

Gianto Gunara
Executive Director

Date: 10 May 2011