

GALLANT VENTURE LTD

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First Quarter 2017 Financial Statements and Dividend Announcement

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

The Board of Directors of Gallant Venture Ltd announces the following unaudited results of the Group for the period ended 31 March 2017.

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		
	YTD 31 March		Incr/ (Decr) %
1st Qtr 2017 S\$'000	1st Qtr 2016 S\$'000		
Revenue	436,874	472,224	(7)
Cost of sales	(355,993)	(396,605)	(10)
Gross profit	80,881	75,619	6
Other income	10,279	20,558	(50)
General and administrative expenses	(43,052)	(38,278)	12
Other operating expenses	(38,005)	(37,277)	1
Share of associated companies' results	(14,960)	1,688	N.M
Finance costs	(32,426)	(34,588)	(6)
Loss before taxation	(37,283)	(12,278)	203
Taxation	(6,474)	(2,550)	153
Loss after taxation for the period	(43,757)	(14,828)	195
Attributable to:			
Equity holders of the Company	(39,151)	(15,656)	150
Non-controlling interest	(4,606)	828	N.M
	(43,757)	(14,828)	195

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

	Group		
	1st Qtr 2017 S\$'000	YTD 31 March 1st Qtr 2016 S\$'000	Incr/ (Decr) %
Loss after taxation for the period	(43,757)	(14,828)	195
Other comprehensive income/(expenses):			
<u>Items that are/may be reclassified subsequently to profit or loss</u>			
Net changes in available-for sales investment	(2,081)	(27,515)	(92)
Net changes on fair value changes of hedging investment entered into for cash flow hedge	(3,864)	(3,084)	25
Foreign currency translation	(15,775)	(3,354)	370
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Actuarial (losses)/ gains arising during the period	(217)	948	N.M
Other comprehensive expenses	(21,937)	(33,005)	(33)
Total comprehensive expenses	(65,694)	(47,833)	37
Attributable to:			
Equity holders of the Company	(52,613)	(38,482)	36
Non-controlling interest	(13,081)	(9,351)	39
	(65,694)	(47,833)	37

N.M. denotes "Not Meaningful"

Note:

The exchange rate of S\$1=IDR 9,532 (31 March 2016: S\$1=IDR 9,830) was used for translating IMAS's assets and liabilities at the balance sheet date and S\$1=IDR 9,399 (31 March 2016: S\$1=IDR 9,650) was used for translating the results for the period.

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

	Group	
	YTD 31 Mar	
	1st Qtr 2017 S\$'000	1st Qtr 2016 S\$'000
Amortisation of intangible assets	4,079	4,105
Depreciation of property, plant and equipment	18,456	21,300
Depreciation of investment properties	6,277	5,777
Gain on sale of property, plant and equipment	(1,033)	(341)
Allowance for impairment loss on trade receivables and foreclosed assets	7,495	7,172
Allowance for inventories obsolescence	(108)	161
Exchange loss/(gain)	8,787	(3,731)
Interest Income	(5,682)	(1,285)
Interest Expense	32,426	34,588

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

	Group		Company	
	31.03.17	31.12.16	31.03.17	31.12.16
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Non-current				
Intangible assets	744,571	748,650	43	57
Property, plant and equipment	548,794	549,332	424	450
Investment properties	226,339	231,686	-	-
Subsidiaries	-	-	2,536,681	2,536,681
Associates	212,204	233,628	-	-
Financing receivables	555,548	510,359	-	-
Deferred tax assets	40,955	40,025	2,474	2,474
Other non-current assets	143,231	152,918	154	154
	2,471,642	2,466,598	2,539,776	2,539,816
Current				
Land inventories	615,383	612,963	-	-
Other inventories	239,004	217,164	-	-
Financing receivables	435,274	447,139	-	-
Trade and other receivables	653,719	590,924	144,556	135,371
Cash and bank balances	342,314	425,413	121,983	196,134
	2,285,694	2,293,603	266,539	331,505
Total assets	4,757,336	4,760,201	2,806,315	2,871,321
Equity and liabilities				
Share capital	1,880,154	1,880,154	1,880,154	1,880,154
Accumulated losses	(201,918)	(162,767)	(103,594)	(91,476)
Reserves	(181,167)	(168,281)	80,000	80,000
Equity attributable to equity holders of the Company	1,497,069	1,549,106	1,856,560	1,868,678
Non-controlling interest	305,595	317,711	-	-
Total equity	1,802,664	1,866,817	1,856,560	1,868,678
Liabilities				
Non-current				
Borrowings	654,126	634,194	-	-
Debt securities	630,303	634,488	410,683	228,926
Deferred tax liabilities	92,227	94,040	-	-
Employee benefits liabilities	38,877	38,467	-	-
Other non-current liabilities	31,207	33,804	348	348
	1,446,740	1,434,993	411,031	229,274
Current				
Trade and other payables	338,301	278,622	538,700	30,120
Borrowings	1,078,975	1,029,535	-	517,244
Debt securities	73,717	139,262	-	224,580
Current tax payable	16,939	10,972	24	1,425
	1,507,932	1,458,391	538,724	773,369
Total liabilities	2,954,672	2,893,384	949,755	1,002,643
Total liabilities and equity	4,757,336	4,760,201	2,806,315	2,871,321

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

	Group	
	31.03.17	31.12.16
	S\$'000	S\$'000
(i) Amount payable in one year or less, or on demand		
Secured	1,152,692	1,029,535
Unsecured	-	139,262
	1,152,692	1,168,797
(ii) Amount repayable after one year		
Secured	873,746	634,194
Unsecured	410,683	634,488
	1,284,429	1,268,682
TOTAL	2,437,121	2,437,479

(iii) Details of any collaterals

The Group's borrowing and debt securities are secured with the following:-

1. Mortgage of land titles over Batamindo Industrial Park;
2. Pledge of shares and accounts of PT Batamindo Investment Cakrawala ("PT BIC");
3. Assignment of insurance proceeds, receivables and equipment of PT BIC;
4. Pledge of shares of PT Buana Megawisatama ("PT BMW"); and
5. PT Indomobil Sukses Internasional Tbk's borrowings and debt securities are secured by mortgage over land, inventories, property, plant and equipment, marketable equities of available-for-sales assets, trade and other receivables, financing receivables and bank accounts of its various subsidiaries in Indonesia.

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	
	Quarter ended	
	31.03.17	31.03.16
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before taxation	(37,283)	(12,278)
Adjustments for:		
Amortisation of intangible assets	4,079	4,105
Depreciation of property, plant and equipment	18,456	21,300
Depreciation of investment properties	6,277	5,777
Allowance for inventories obsolescence	(108)	161
Provision for employee benefits	1,190	1,163
Impairment loss on trade receivables and foreclosed assets	7,495	7,172
Gain on sale of property, plant & equipment	(1,033)	(341)
Loss on sales of foreclosed assets	(5,522)	-
Share of associates' results	14,960	(1,688)
Interest expense	32,426	34,588
Interest income	(5,682)	(1,285)
Cash from operations before changes in working capital	35,255	58,674
Changes in working capital		
Increase in land inventories	(2,420)	(2,822)
Increase in other inventories	(27,776)	(14,728)
Increase in operating receivables	(128,306)	(76,342)
Increase in operating payables	120,389	68,964
Cash (used in)/ generated from operating activities	(2,858)	33,746
Income tax paid	(24,287)	(26,320)
Employee benefits paid	(216)	(152)
Interest paid	(61,828)	(63,396)
Interest received	7,573	2,979
Deposits (refunded to)/received from tenants/golf members	(4,376)	10
Net cash used in operating activities	(85,992)	(53,133)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(33,784)	(23,650)
Acquisition of intangible assets	(1)	(3)
Acquisition of investment properties	(5,609)	(1,724)
Addition in investment in shares stock	8,135	(2,059)
Interest received on and proceeds from of restricted cash in banks and time deposits	518	-
Proceeds from sale of property, plant and equipment	1,929	2,642
Net cash used in investing activities	(28,812)	(24,794)
Cash flows from financing activities		
Acquisition of non-controlling interests	-	(2,878)
Repayment to other financing activities	(105,380)	1,580
Proceeds from bank borrowings	732,098	453,340
Repayment of bank borrowings	(635,421)	(450,353)
Proceeds from issuance of bonds and shares	43,013	152,593
Proceeds from additional capital stock contribution of non-controlling interest	1,459	4,415
Dividend paid to non-controlling interests	-	(263)
Net cash generated from financing activities	35,769	158,434
Net increase in cash and cash equivalents	(79,035)	80,507
Cash and cash equivalents at beginning of period	425,413	201,921
Effect of currency translation on cash and cash equivalent	(4,064)	(1,321)
Cash and cash equivalents at end of period	342,314	281,107

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 2017:

	Share Capital \$'000	Capital Reserve \$'000	Translation Reserve \$'000	Hedging Reserve \$'000	Fair Value Reserve \$'000	Other Reserves \$'000	Retained Earnings \$'000	Total \$'000	Non- controlling Interests \$'000	Total Equity \$'000
Balance as at 1 January 2016	1,880,154	(105,771)	(41,645)	6,803	(9,661)	3,027	(234,924)	1,497,983	336,434	1,834,417
Loss for the period, as reported	-	-	-	-	-	-	(15,656)	(15,656)	828	(9,217)
Other comprehensive income/(expenses)	-	-	(1,931)	(2,205)	(19,572)	882	-	(22,826)	(10,179)	(7,711)
Total comprehensive income/(expenses) for the period	-	-	(1,931)	(2,205)	(19,572)	822	(15,656)	(38,482)	(9,351)	(47,833)
Changes in interest in subsidiaries and effect of transaction with non-controlling interest	-	-	-	-	-	(332)	-	(332)	2,920	2,588
Balance as at 31 March 2016	1,880,154	(105,771)	(43,576)	4,598	(29,233)	3,577	(250,580)	1,459,169	330,003	1,789,172
Balance as at 1 January 2017	1,880,154	(105,771)	(52,319)	4,371	(19,698)	5,136	(162,767)	1,549,106	317,711	1,866,817
Loss for the period	-	-	-	-	-	-	(39,151)	(39,151)	(4,606)	(43,757)
Other comprehensive (expenses)/income	-	-	(9,443)	(2,767)	(1,481)	229	-	(13,462)	(8,475)	(21,937)
Total comprehensive (expenses)/income for the period	-	-	(9,443)	(2,767)	(1,481)	229	(39,151)	(52,613)	(13,081)	(65,694)
Changes in interest in subsidiaries and effect of transaction with non-controlling interest	-	-	-	-	-	576	-	576	965	1,541
Balance as at 31 March 2017	1,880,154	(105,771)	(61,762)	1,604	(21,179)	5,941	(201,918)	1,497,069	305,595	1,802,664

- 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.*

Statement of changes in equity of the Company for the period ended 31 March 2017:

	Share Capital S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
Balance as at 1 January 2016	1,880,154	80,000	(122,339)	1,837,815
Total comprehensive expense for the Period	-	-	(15,627)	(15,627)
Balance as at 31 March 2016	<u>1,880,154</u>	<u>80,000</u>	<u>(137,966)</u>	<u>1,822,188</u>
Balance as at 1 January 2017	1,880,154	80,000	(91,476)	1,868,678
Total comprehensive expense for the Period	-	-	(12,118)	(12,118)
Balance as at 31 March 2017	<u>1,880,154</u>	<u>80,000</u>	<u>(103,594)</u>	<u>1,856,560</u>

- 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.**

Shares to be issued upon exercise of conversion right of convertible bond:-

The details are as follows:

	As at 31 Mar 2017	As at 31 Mar 2016
Conversion right of convertible bond	250,000,000	250,000,000

- 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 2017 and 31 March 2016 were 4,824,965,112. The company does not hold any treasury shares as at 31 March 2017 and 31 March 2016.

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

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.

- 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 2016.

- 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.**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted the new and revised standards and interpretations of FRS (INT FRS that are effective for annual periods beginning on or after 1 January 2017. The adoption of these standards and interpretations does not have any effect on the financial performance or position of the Group and the Company.

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 per ordinary share for the period based on profit attributable to equity holders of the company:

	Group	
	1st Qtr 2017	1st Qtr 2016
Net loss attributable to equity owners of the Company (S\$'000)	(39,151)	(15,656)
(i) Based on the weighted average number of ordinary shares on issue (cents)	(0.811)	(0.324)
(ii) On a fully diluted basis (cents) ⁽¹⁾	(0.811)	(0.324)

⁽¹⁾ The conversion right of convertible bond has not been included in the calculation of diluted loss per shares as these will have an anti-dilutive effect (i.e. resulting in a reduction in loss 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	
	31.03.17	31.03.16	31.03.17	31.03.16
Net asset value per ordinary share	31.01 cents	34.38 cents	38.48 cents	38.19 cents

The net asset value per ordinary share is calculated using the Group's net assets value as at end of each period divided by the share capital of 4,824,965,112 ordinary shares as at 31 March 2017 and 31 March 2016.

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 2017 (1Q 2017) vs. 1st Quarter 2016 (1Q 2016)

Profit & Loss Statement

IMAS's 1Q 2017 revenue was S\$398.1 million as compared to S\$433.7 million in 1Q 2016. Lower revenue was mainly due to lower passenger vehicle sales and car rental related businesses.

The Group (excluding IMAS) registered marginally higher revenue of S\$38.8 million as compared to S\$38.5 million in 1Q 2016 and was mainly due to higher revenue from utilities and resort segment but partially offset by lower revenue from the industrial parks. The Consolidated Group revenue was S\$436.9 million, 7.5% lower than 1Q 2016's S\$472.2 million.

In line with the revenue, IMAS's 1Q 2017 cost of sales was S\$323.2 million as compared to S\$365.0 million in 1Q 2016. The Group's (excluding IMAS) cost of sales was S\$32.8 million as compared to S\$31.6 million in 1Q 2016. Accordingly, the Consolidated Group's cost of sales

decreased from S\$396.6 million in 1Q 2016 to 1Q 2017's S\$356.0 million. The Consolidated Group's gross profit was S\$80.9 million in 1Q 2017 as compared to S\$75.6 million in 1Q 2016 and was mainly due improved margin from the vehicle servicing and financial services in the automotive segment.

IMAS's 1Q 2017 "other income" was S\$15.5 million as compared to S\$16.3 million in 1Q 2016 and was mainly due to foreign exchange loss as compared to foreign currency translation gain in the previous period. The Group's (excluding IMAS) "other income" was S\$5.2 million expenses as compared to S\$4.3 million income in 1Q 2016 was mainly due to the unrealised foreign exchange loss on the USD denominated receivables and the bank balances as a result of the weakening of USD/SGD exchange rate. Accordingly, the Consolidated Group's "other income" was S\$10.3 million in 1Q 2017 as compared to 1Q 2016's S\$20.6 million.

IMAS's 1Q 2017 "general and administrative expenses" was S\$33.1 million as compared to S\$29.4 million in 1Q 2016. Higher expenses were mainly due to higher provision for doubtful debts. The Group's (excluding IMAS) "general and administrative expenses" was S\$4.7 million as compared to 1Q 2016's S\$3.7 million and was mainly due to higher depreciation and professional fees. The Consolidated Group's "general and administrative expenses" was S\$43.0 million as compared to 1Q 2016's S\$38.3 million.

IMAS's 1Q 2017 "other operating expenses" was S\$31.9 million as compared to 1Q 2016's S\$32.2 million. The Group's (excluding IMAS) "other operating expenses" was S\$6.1 million as compared to 1Q 2016's S\$5.1 million and was mainly due to higher marketing and repair and maintenance expenses. The Consolidated Group's "other operating expenses" was S\$38.0 million as compared to 1Q 2016's S\$37.3 million.

The Consolidated Group's 1Q 2017 "share of associated companies' result" was S\$15.0 million loss as compared to 1Q 2015's S\$1.7 million profit and was mainly due to higher losses from the automotive associated companies.

IMAS's 1Q 2017 "finance costs" was S\$21.6 million as compared to 1Q 2016's S\$20.3 million and the Group's (excluding IMAS) "finance costs" was S\$10.9 million as compared to 1Q 2016's S\$14.3 million. The Consolidated Group's "finance costs" was S\$32.5 million as compared to S\$34.6 million in 1Q 2016 and lower finance costs was due to repayment of external bank borrowings and partial early redemption of the Company's 2017 EMTN.

IMAS's 1Q 2017 net loss was S\$15.4 million as compared to S\$4.0 million profit in 1Q 2016 and was mainly due to the losses from its associated companies. The Group's (excluding IMAS) net loss was S\$23.7 million as compared to S\$10.7 million loss in 1Q 2016 and was mainly due to the foreign currency exchange loss. The Consolidated Group's net loss attributable to equity holders of the Company was S\$39.1 million for 1Q 2017 as compared to 1Q 2016's S\$15.7 million net loss.

Balance Sheet

The Group's total assets of S\$4,757.3 million as at 31 March 2017 were S\$2.9 million lower than as at the previous year end. Other non-current assets decreased by S\$9.7 million mainly due to the decline in value of the Group's quoted equity investments. Current assets decreased by S\$7.9 million to S\$2,285.7 million mainly due to the decrease in cash and bank balances arising from financing activities.

The Group' total liabilities of S\$2,954.6 million as at 31 March 2017 were S\$61.3 million higher than as at the previous year-end and was mainly due to the increased in trade and other payables. The Group's borrowings and debt securities as at 31 March 2017 were S\$2.4 billion of which S\$1.1 billion relates to IMAS' car rental and financial services business.

Cash Flow Statement

Net cash used in operating activities was S\$86.0 million as compared to S\$53.1 million in the previous period.

Net cash used in investing activities was S\$28.8 million and was mainly due to capital expenditure.

Net cash generated from financing activities was S\$35.8 million mainly from the proceeds from issue of debt securities and borrowings.

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.*

IMAS's passenger car results have been affected by the lack of new product launch versus the competitors. Although IMAS's commercial and heavy duty truck and equipment businesses continue to be weak, however we saw an improvement in sales compared with the previous period. With the increase spending in the infrastructure by the Indonesian Government, we hope this and also the growth from its financing services and vehicle service will contribute positively to IMAS.

The refocusing of our industrial parks business continues. The utilities business has benefited from lower energy prices that may not continue. We continue to pursue land sales in Bintan Resorts.

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 2017.

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 2017 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 Tunas Karya Indoswasta Purchases		113
SALES		
PT Alam Indah Bintan Sales		448

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers.

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY THE ORDER OF THE BOARD

CHOO KOK KIONG
EXECUTIVE DIRECTOR AND COMPANY SECRETARY
11 MAY 2017

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 2017 to be false or misleading in any material aspect.

For and on behalf of the Board

Eugene Cho Park
CEO / Executive Director

Gianto Gunara
Executive Director

Date: 11 MAY 2017