

GALLANT VENTURE LTD

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**Second Quarter 2018 Financial Statements and Dividend Announcement****UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

The Board of Directors of Gallant Venture Ltd announces the following unaudited results of the Group for the period ended 30 June 2018.

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					
	Quarter ended 30 June			YTD 30 June		
	2nd Qtr 2018 S\$'000	2nd Qtr 2017 S\$'000	Incr/ (Decr) %	Half year 2018 S\$'000	Half year 2017 S\$'000	Incr/ (Decr) %
Revenue	429,701	431,826	0	883,226	868,700	2
Cost of sales	(336,365)	(343,406)	(2)	(701,925)	(699,399)	0
Gross profit	93,336	88,420	6	181,301	169,301	7
Other income	15,815	12,529	26	29,963	22,808	31
General and administrative expenses	(49,001)	(47,719)	3	(89,264)	(90,771)	(2)
Other operating expenses	(39,615)	(39,469)	0	(74,751)	(77,474)	(4)
Share of associated company's result	1,474	(15,285)	N.M	5,032	(30,245)	N.M
Finance costs	(33,580)	(31,800)	6	(63,018)	(64,226)	(2)
Loss before taxation	(11,571)	(33,324)	(65)	(10,737)	(70,607)	(85)
Taxation	(9,787)	(6,944)	41	(17,882)	(13,418)	33
Loss after taxation for the period	(21,358)	(40,268)	(47)	(28,619)	(84,025)	(66)
Attributable to:						
Equity holders of the Company	(21,610)	(33,572)	(36)	(31,385)	(72,723)	(57)
Non-controlling interest	252	(6,696)	N.M	2,766	(11,302)	N.M
	(21,358)	(40,268)	(47)	(28,619)	(84,025)	(66)

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					
	Quarter ended 30 Jun			YTD 30 Jun		
	2nd Qtr 2018 S\$'000	2nd Qtr 2017 S\$'000	Incr/ (Decr) %	Half year 2018 S\$'000	Half year 2017 S\$'000	Incr/ (Decr) %
Loss after taxation for the period	(21,358)	(40,268)	(47)	(28,619)	(84,025)	(66)
Other comprehensive (expenses)/income:						
<u>Items that are/may be reclassified subsequently to profit or loss</u>						
Net changes in available-for sales investment	(1,718)	(7,534)	(77)	4,220	(9,615)	N.M
Net gain on fair value changes of hedging investments entered into for cash flow hedge	(1,524)	(586)	160	(612)	(4,450)	(86)
Foreign currency translation	(3,248)	(3,789)	(14)	(32,632)	(19,564)	67
<u>Items that will not be reclassified subsequently to profit or loss</u>						
Defined benefit plan actuarial gain/ (losses)	188	(143)	N.M	120	(360)	N.M
Other comprehensive expenses	(6,302)	(12,052)	(48)	(28,904)	(33,989)	(15)
Total comprehensive expenses	(27,660)	(52,320)	(47)	(57,523)	(118,014)	(51)
Attributable to:						
Equity holders of the Company	(26,173)	(41,665)	(37)	(49,771)	(94,278)	(47)
Non-controlling interest	(1,487)	(10,655)	(86)	(7,752)	(23,736)	(67)
	(27,660)	(52,320)	(47)	(57,523)	(118,014)	(51)

N.M. denotes "Not Meaningful"

Note:

The exchange rate of S\$1=IDR 10,529 (30 June 2017: S\$1=IDR 9,590) was used for translating IMAS's assets and liabilities at the balance sheet date and S\$1=IDR 10,348 (30 June 2017: S\$1=IDR 9,481) 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			
	Quarter ended 30 Jun		YTD 30 Jun	
	2nd Qtr	2nd	Half year	Half year
	2018	Qtr 2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Amortisation of intangible assets	4,082	4,079	8,162	8,158
Depreciation of property, plant and equipment	17,368	17,460	35,030	35,916
Depreciation of investment properties	7,189	6,283	14,574	12,560
Gain on sale of property, plant and equipment	(103)	(272)	(213)	(1,305)
(Reversal)/ allowance for impairment loss on trade receivables and foreclosed assets	(7,455)	2,744	2,379	10,239
(Reversal of)/ allowance for inventories obsolescence	(129)	166	(129)	58
Write back of other payables	(1,851)	-	(1,851)	-
Provision for employee benefits	600	1,211	1,913	2,401
Loss/(gain) on sales of foreclosed assets	4,035	9,051	10,142	3,529
Gain on dilution from a subsidiary to associate	(464)	-	(464)	-
Exchange (gain)/ loss	(3,151)	1,809	125	10,596
Interest Income	(4,635)	(5,386)	(9,967)	(11,068)
Interest Expense	33,580	31,800	63,018	64,226

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	
	30.06.18	31.12.17	30.06.18	31.12.17
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Non-current				
Intangible assets	724,325	732,452	80	110
Property, plant and equipment	641,569	578,529	362	415
Investment properties	200,618	232,625	-	-
Subsidiaries	-	-	2,537,174	2,537,407
Associates	146,274	139,854	-	-
Financing receivables	633,229	535,644	-	-
Deferred tax assets	31,319	33,013	-	-
Other non-current assets	160,180	149,800	155	155
	<u>2,537,514</u>	<u>2,401,917</u>	<u>2,537,771</u>	<u>2,538,087</u>
Current				
Land inventories	593,151	591,767	-	-
Other inventories	292,835	260,020	-	-
Financing receivables	488,129	453,284	-	-
Trade and other receivables	607,725	544,303	73,550	78,860
Cash and bank balances	219,886	258,441	1,263	2,394
	<u>2,201,726</u>	<u>2,107,815</u>	<u>74,813</u>	<u>81,254</u>
Total assets	<u>4,739,240</u>	<u>4,509,732</u>	<u>2,612,584</u>	<u>2,619,341</u>
Equity and liabilities				
Share capital	1,948,307	1,948,307	1,948,307	1,948,307
Treasury shares	(50)	-	(50)	-
Accumulated losses	(330,583)	(299,198)	(137,997)	(116,085)
Reserves	(223,350)	(204,989)	80,000	80,000
Equity attributable to equity holders of the Company	<u>1,394,324</u>	<u>1,444,120</u>	<u>1,890,260</u>	<u>1,912,222</u>
Non-controlling interest	<u>261,467</u>	<u>267,970</u>	<u>-</u>	<u>-</u>
Total equity	<u>1,655,791</u>	<u>1,712,090</u>	<u>1,890,260</u>	<u>1,912,222</u>
Liabilities				
Non-current				
Borrowings	908,449	798,164	340,794	330,181
Debt securities	140,507	170,117	-	-
Deferred tax liabilities	88,048	89,759	-	-
Employee benefits liabilities	42,260	41,999	-	-
Other non-current liabilities	30,613	32,463	88	88
	<u>1,209,877</u>	<u>1,132,502</u>	<u>340,882</u>	<u>330,269</u>
Current				
Trade and other payables	317,325	346,345	26,494	24,220
Borrowings	1,275,412	1,222,591	354,890	350,728
Debt securities	258,892	85,585	-	-
Current tax payable	21,943	10,619	58	1,902
	<u>1,873,572</u>	<u>1,665,140</u>	<u>381,442</u>	<u>376,850</u>
Total liabilities	<u>3,083,449</u>	<u>2,797,642</u>	<u>722,324</u>	<u>707,119</u>
Total liabilities and equity	<u>4,739,240</u>	<u>4,509,732</u>	<u>2,612,584</u>	<u>2,619,341</u>

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

		Group	
		30.06.18	31.12.17
		S\$'000	S\$'000
(i)	Amount payable in one year or less, or on demand		
	Secured	1,275,412	1,222,591
	Unsecured	258,892	85,585
		1,534,304	1,308,176
(ii)	Amount repayable after one year		
	Secured	908,449	798,164
	Unsecured	140,507	170,117
		1,048,956	968,281
TOTAL		2,583,260	2,276,457

(iii) Details of any collaterals

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

1. Mortgage of certain land titles of PT Batamindo Investment Cakrawala ("PT BIC"), PT Bintan Inti Industrial Estate ("PT BIIE"), PT Bintan Resort Cakrawala ("PT BRC"), PT Buana Megawisata ("PT BMW") and PT Surya Bangun Pertiwi ("PT SBP");
2. Pledge of accounts of PT BIC, PT BIIE, PT BRC, PT SBP, Bintan Resort Ferries Private Limited ("BRF") and the Company;
3. Assignment of insurance proceeds, receivables and movable assets of PT BIC and PT BIIE;
4. Pledge of shares of PT Indomobil Sukes Internasional Tbk ("PT IMAS") and PT BMW; and
5. PT IMAS 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		Half year ended	
	2Q 2018 S\$'000	2Q 2017 S\$'000	30.06.18 S\$'000	30.06.17 S\$'000
Cash flows from operating activities				
Loss before taxation	(11,571)	(33,324)	(10,737)	(70,607)
Adjustments for:				
Amortisation of intangible assets	4,082	4,079	8,162	8,158
Depreciation of property, plant and equipment	17,368	17,460	35,030	35,916
Depreciation of investment properties	7,189	6,283	14,574	12,560
(Reversal of)/ allowance for inventories obsolescence	(129)	166	(129)	58
Provision for employee benefits	600	1,211	1,913	2,401
Loss on sales of foreclosed assets	4,035	9,051	10,142	3,529
(Reversal)/ impairment loss on trade receivables and foreclosed assets	(7,455)	2,744	2,379	10,239
Gain on sale of property, plant & equipment	(103)	(272)	(213)	(1,305)
Write back of other payables	(1,851)	-	(1,851)	-
Gain on dilution from a subsidiary to associate	(464)	-	(464)	-
Share of associates' results	(1,474)	15,285	(5,032)	30,245
Interest expense	33,580	31,800	63,018	64,226
Interest income	(4,635)	(5,386)	(9,967)	(11,068)
Cash from operations before changes in working capital	39,172	49,097	106,825	84,352
Changes in working capital				
Increase in land inventories	(691)	(1,999)	(1,384)	(4,419)
Decrease / (increase) in other inventories	19,912	34	(42,559)	(27,742)
Decrease/ (Increase) in operating receivables	(84,101)	(40,867)	(242,101)	(169,173)
(Decrease)/ increase/ in operating payables	(42,305)	9,119	103,832	125,133
Cash (used in)/ generated from operating activities	(68,013)	15,384	(75,387)	8,151
Income tax paid	(19,409)	(14,927)	(38,151)	(39,214)
Employee benefits paid	(121)	(450)	(310)	(666)
Interest paid	(53,866)	(69,892)	(108,865)	(131,720)
Interest received	1,542	216	2,659	7,789
Net cash used in operating activities	(139,867)	(69,669)	(220,054)	(155,660)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(39,910)	(25,030)	(86,379)	(58,814)
Acquisition of intangible assets	(2)	-	(34)	(1)
Acquisition of investment properties	(5,913)	(6,268)	(7,721)	(11,877)
Addition in investment in shares stock	(11)	(8,142)	-	(8)
Proceeds from sale of property, plant and equipment	717	2,075	1,240	4,004
(Acquisition)/ proceeds in investment	(7,598)	7,820	(7,598)	7,820
Dividend from associates	5,001	5,337	5,001	5,337
Interest received on and proceeds from restricted cash and time deposits	78	87	435	605
Net cash used in investing activities	(47,638)	(24,121)	(95,056)	(52,934)

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

	Group			
	Quarter ended		Half year ended	
	2Q 2018 S\$'000	2Q 2017 S\$'000	30.06.18 S\$'000	30.06.17 S\$'000
Cash flows from financing activities				
(Acquisition)/ proceeds from additional capital stock contribution of non-controlling interests	(98)	(207)	1,328	1,252
Repayment of debt securities	(44,389)	(165,863)	(44,426)	(271,243)
Proceeds from bank borrowings	1,040,626	263,220	1,770,500	995,318
Repayment of bank borrowings	(935,694)	(280,358)	(1,646,914)	(915,779)
Proceeds from issuance of bonds and shares	96,026	114,506	200,622	157,519
Purchase of treasury shares	-	-	(50)	-
Dividends paid to non-controlling interest	-	(4,761)	-	(4,761)
Net cash generated from/ (used in) financing activities	156,471	(73,463)	281,060	(37,694)
Net decrease in cash and cash equivalents	(31,034)	(167,253)	(34,050)	(246,288)
Cash and cash equivalents at beginning of period	252,351	342,314	258,441	425,413
Effect of currency translation on cash and cash equivalent	(1,431)	(658)	(4,505)	(4,722)
Cash and cash equivalent at end of period	219,886	174,403	219,886	174,403

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 30 June 2017:

	Attributable to Equity holders of the Company										
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserve \$'000	Translation Reserve \$'000	Hedging Reserve \$'000	Fair Value Reserve \$'000	Other Reserves \$'000	Accumulated Losses \$'000	Total \$'000	Non- controlling Interests \$'000	Total Equity \$'000
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, as reported	-	-	-	-	-	-	-	(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
Loss for the period	-	-	-	-	-	-	-	(33,572)	(33,572)	(6,696)	(40,268)
Other comprehensive (expenses)/income	-	-	-	(2,298)	(436)	(5,359)	-	-	(8,093)	(3,959)	(12,052)
Total comprehensive (expenses)/income for the period	-	-	-	(2,298)	(436)	(5,359)	-	(33,572)	(41,665)	(10,655)	(52,320)
Changes in interest in subsidiaries and effect of transaction with non-controlling interest	-	-	-	-	-	-	(149)	-	(149)	(4,999)	(5,148)
Balance as at 30 June 2017	1,880,154	-	(105,771)	(64,060)	1,168	(26,538)	5,792	(235,490)	1,455,255	289,941	1,745,196

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 (cont'd)

Consolidated statement of changes in equity for the period ended 30 June 2018:

	Attributable to Equity holders of the Company										
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserve \$'000	Translation Reserve \$'000	Hedging Reserve \$'000	Fair Value Reserve \$'000	Other Reserves \$'000	Accumulated Losses \$'000	Total \$'000	Non- controlling Interests \$'000	Total Equity \$'000
Balance as at 1 January 2018	1,948,307	-	(105,771)	(84,851)	(474)	(18,838)	4,945	(299,198)	1,444,120	267,970	1,712,090
(Loss)/Profit for the period	-	-	-	-	-	-	-	(9,775)	(9,775)	2,514	(7,261)
Other comprehensive (expenses)/income	-	-	-	(18,662)	573	4,240	26	-	(13,823)	(8,779)	(22,602)
Total comprehensive (expenses)/income for the period	-	-	-	(18,662)	573	4,240	26	(9,775)	(23,598)	(6,265)	(29,863)
Purchase of treasury shares	-	(50)	-	-	-	-	-	-	(50)	-	(50)
Changes in interest in subsidiaries and effect of transaction with non-controlling interest	-	-	-	-	-	-	(104)	-	(104)	1,355	1,251
Balance as at 31 March 2018	1,948,307	(50)	(105,771)	(103,513)	99	(14,598)	4,867	(308,973)	1,420,368	263,060	1,683,428
(Loss)/Profit for the period	-	-	-	-	-	-	-	(21,610)	(21,610)	252	(21,358)
Other comprehensive expenses	-	-	-	(2,075)	(1,092)	(1,227)	(169)	-	(4,563)	(1,739)	(6,302)
Total comprehensive expenses for the period	-	-	-	(2,075)	(1,092)	(1,227)	(169)	(21,610)	(26,173)	(1,487)	(27,660)
Changes in interest in subsidiaries and effect of transaction with non-controlling interest	-	-	-	-	-	-	129	-	129	(106)	23
Balance as at 30 June 2018	1,948,307	(50)	(105,771)	(105,588)	(993)	(15,825)	4,827	(330,583)	1,394,324	261,467	1,655,791

- 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 30 June 2018:

	Share Capital S\$'000	Treasury Shares S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
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	1,880,154	-	80,000	(103,594)	1,856,560
Total comprehensive expense for the period	-	-	-	(10,752)	(10,752)
Balance as at 30 June 2017	1,880,154	-	80,000	(114,346)	1,845,808
Balance as at 1 January 2018	1,948,307	-	80,000	(116,085)	1,912,222
Total comprehensive expense for the period	-	-	-	(450)	(450)
Purchase of treasury shares	-	(50)	-	-	(50)
Balance as at 31 March 2018	1,948,307	(50)	80,000	(116,535)	1,911,722
Total comprehensive expense for the period	-	-	-	(21,462)	(21,462)
Balance as at 30 June 2018	1,948,307	(50)	80,000	(137,997)	1,890,260

- 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 30 Jun 2018	As at 31 Dec 2017
Conversion right of convertible bond	250,000,000	250,000,000

Movement in the Company's treasury shares for the financial period 30 June 2018 as follows:

	No. of Shares
As at 31 December 2017	-
Purchase of treasury shares	450,000
As at 30 June 2018	450,000

- 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.**

	30 Jun 2018	31 Dec 2017
Total number of issued shares	5,338,010,225	5,338,010,225
Less: Treasury shares	(450,000)	-
Total number of issued shares excluding treasury shares	5,337,560,225	5,338,010,225

- 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 accounting policy and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements, except for those as disclosed under paragraph 5.

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 in the current financial year, the Group has adopted all the new and revised standards which are effective for the financial periods beginning on or after 1 January 2018. Other than the adoption of the new standards that are effective on 1 January 2018, the Group has adopted the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 January 2018. The adoption of the new standards that are effective on 1 January 2018 and SFRS(I) have no material impact on the financial statements.

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			
	2nd Qtr 2018	2nd Qtr 2017	Half year 2018	Half year 2017
Net loss attributable to equity owners of the Company (S\$'000)	(21,610)	(33,572)	(31,385)	(72,723)
(i) Based on the weighted average number of ordinary shares on issue (cents)	(0.405)	(0.696)	(0.588)	(1.507)
(ii) On a fully diluted basis (cents) ⁽¹⁾	(0.405)	(0.696)	(0.588)	(1.507)

⁽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	
	30.06.18	30.12.17	30.06.18	31.12.17
Net asset value per ordinary share	26.12 cents	27.05 cents	35.41 cents	35.82 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 5,337,560,225 ordinary shares as at 30 June 2018 and 5,338,010,225 as at 31 December 2017.

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.***

2nd Quarter 2018 (2Q 2018) vs. 2nd Quarter 2017 (2Q 2017)

Profit & Loss Statement

GV Group's 2Q 2018 revenue relating to IMAS was S\$388.9 million as compared to S\$392.5 million in 2Q 2017. Lower revenue was mainly due to lower passenger vehicles sales but was partially mitigated by higher truck and heavy duty equipment sales and car rental related income. The Group (excluding IMAS) registered higher revenue of S\$40.8 million as compared to S\$39.3 million in the previous period and was mainly due to higher revenue from the resort segment's ferry services. The Consolidated Group revenue was S\$429.7 million, lower than 2Q 2017's S\$431.8 million.

IMAS's 2Q 2018 cost of sales was S\$303.6 million as compared to S\$310.0 million in 2Q 2017. The Group's (excluding IMAS) cost of sales was S\$32.7 million as compared to S\$33.4 million in 2Q 2017. In line with the revenue, the Consolidated Group's cost of sales decreased from S\$343.4 million in 2Q 2017 to 2Q 2018's S\$336.3 million. The Consolidated Group's cost of sales to revenue ratio was 0.79 in 2Q 2018 as compared to 0.80 in 2Q 2017. The Consolidated Group's gross profit was S\$93.4 million in 2Q 2018 as compared to S\$88.4 million in 2Q 2017 and was due to contribution from higher margin car rental related income and financial services in the automotive segment.

IMAS's 2Q 2018 "other income" was S\$17.9 million as compared to S\$14.1 million in 2Q 2017 and was mainly due to foreign exchange gain. The Group's (excluding IMAS) "other income" was S\$2.1 million expenses as compared to S\$1.6 million expenses in 2Q 2017 and was mainly due to higher foreign exchange losses as compared to the previous period. The Consolidated Group's "other income" was S\$15.8 million in 2Q 2018 as compared to 2Q 2017's S\$12.5 million.

IMAS's 2Q 2018 "general and administrative expenses" was S\$38.4 million as compared to S\$38.9 million in 2Q 2017. Lower expenses were mainly due to lower provision for doubtful debts and depreciation. The Group's (excluding IMAS) "general and administrative expenses" was S\$4.9 million as compared to 2Q 2017's S\$3.6 million and was mainly due to higher salary related expenses and depreciation. The Consolidated Group's "general and administrative expenses" was S\$49.0 million as compared to 2Q 2017's S\$47.7 million.

IMAS's 2Q 2018 "other operating expenses" was S\$33.0 million as compared to 2Q 2017's S\$32.9 million. The Group's (excluding IMAS) "other operating expenses" was S\$6.6 million as compared to 2Q 2017's S\$6.6 million. The Consolidated Group's "other operating expenses" was S\$39.6 million as compared to 2Q 2017's S\$39.5 million.

The Consolidated Group's 2Q 2018 "share of associated companies' result" was S\$1.5 million profit as compared to 2Q 2017's S\$15.3 million loss. IMAS ceased equity accounting on one of its loss making associate as the accumulated losses have fully eliminated its investment cost.

IMAS's 2Q 2018 "finance costs" was S\$25.6 million as compared to 2Q 2017's S\$22.7 million and the Group's (excluding IMAS) "finance costs" was S\$8.0 million as compared to 2Q 2017's S\$9.1 million. The Consolidated Group's "finance costs" was S\$33.6 million as compared to S\$31.8 million in 2Q 2017 and was mainly due to increased borrowings for capital expenditure in the automotive segment.

IMAS registered net loss of S\$2.2 million in 2Q 2018 as compared to S\$18.3 million net loss in 2Q 2017 and was mainly due to higher margin contribution from car rental related income, financial services and non-equity accounting of loss making associate company. The Group's (excluding IMAS) net loss was S\$16.8 million as compared to 2Q 2017's S\$17.5 million loss and was mainly due to higher revenue and lower financing costs. The Consolidated Group's net loss attributable to equity holders of the Company was S\$21.6 million for 2Q 2018 as compared to 2Q 2017's S\$33.6 million.

Half Year 2018 (1H 2018) vs. Half Year 2017 (1H 2017)

Profit & Loss Statement

GV Group's 1H 2018 revenue relating to IMAS was S\$801.7 million as compared to S\$790.6 million in 1H 2017. Higher revenue was mainly due to higher trucks and heavy duty equipment sales and car rental related income but was offset by lower passenger car sales. The Group (excluding IMAS) registered higher revenue of S\$81.5 million as compared to S\$78.1 million in 1H 2017 and was mainly due to higher revenue from the industrial park and resort segments. The Consolidated Group revenue was S\$883.2 million, 2% higher than 1H 2017's S\$868.7 million.

IMAS's 1H 2018 cost of sales was S\$637.6 million as compared to S\$633.2 million in 1H 2017. The Group's (excluding IMAS) cost of sales was S\$64.3 million as compared to S\$66.2 million in 1H 2017. In line with the revenue, the Consolidated Group's cost of sales increased from S\$699.4 million in 1H 2017 to 1H 2018's S\$701.9 million. The Consolidated Group's cost of sales to revenue ratio was 0.80 in 1H 2018 as compared to 0.81 in 1H 2017. The Consolidated Group's gross profit was S\$181.3 million in 1H 2018 as compared to S\$169.3 million in 1H 2017 and was in line with higher revenue.

IMAS's 1H 2018 "other income" was S\$34.3 million as compared to S\$29.5 million in 1H 2017 and was mainly due to foreign exchange gain and higher commission income and sales incentive from the car manufacturer. The Group's (excluding IMAS) "other income" was S\$4.3 million expenses as compared to S\$6.7 million expenses in 1H 2017 and was mainly due to lower unrealised foreign exchange losses as compared to the previous period. The Consolidated Group's "other income" was S\$30.0 million in 1H 2018 as compared to 1H 2017's S\$22.8 million.

IMAS's 1H 2018 "general and administrative expenses" was S\$69.3 million as compared to S\$71.9 million in 1H 2017. Lower expenses were mainly due to lower provision for doubtful debts, depreciation and licensing expenses. The Group's (excluding IMAS) "general and administrative expenses" was S\$8.5 million as compared to 1H 2017's S\$8.3 million and was mainly due to higher salary related expenses. The Consolidated Group's "general and administrative expenses" was S\$89.3 million as compared to 1H 2017's S\$90.8 million.

IMAS's 1H 2018 "other operating expenses" was S\$64.1 million as compared to 1H 2017's S\$64.8 million. The Group's (excluding IMAS) "other operating expenses" was S\$10.7 million as compared to 1H 2017's S\$12.7 million and was mainly due to write back of accrued expenses previously recorded, now no longer required. The Consolidated Group's "other operating expenses" was S\$74.8 million as compared to 1H 2017's S\$77.5 million.

The Consolidated Group's 1H 2018 "share of associated companies' result" was S\$5.0 million profit as compared to 1H 2017's S\$30.2 million loss. IMAS ceased equity accounting on one of its loss making associate as the accumulated losses have fully eliminated its investment cost.

IMAS's 1H 2018 "finance costs" was S\$48.9 million as compared to 1H 2017's S\$44.2 million and the Group's (excluding IMAS) "finance costs" was S\$14.1 million as compared to 1H 2017's S\$20.0 million. The Consolidated Group's "finance costs" was S\$63.0 million as compared to S\$64.2 million in 1H 2017 and was mainly due to repayment of external bank borrowings.

IMAS registered net profit of S\$3.7 million in 1H 2018 as compared to S\$35.9 million net loss in 1H 2017 and was mainly due to higher revenue and non-equity accounting of loss making associate company. The Group's (excluding IMAS) net loss was S\$27.4 million as compared to 1H 2017's S\$41.2 million loss and was mainly due to lower foreign exchange loss, financing costs and operating expenses. The Consolidated Group's net loss attributable to equity holders of the Company was S\$31.4 million for 1H 2018 as compared to 1H 2017's S\$72.7 million.

Balance Sheet

The Group's total assets of S\$4,739.2 million as at 30 June 2018 were S\$229.5 million higher than as at the previous year end. Other non-current assets increased by S\$10.4 million mainly due to the increased in value of the Group's quoted equity investments. Current assets increased from S\$2,107.8 million to S\$2,201.7 million mainly due to the increased in trade and other receivables, financing receivables and inventories.

The Group's total liabilities of S\$3,083.4 million as at 30 June 2018 were S\$285.8 million higher than the previous year-end and was mainly due to the increased in borrowings for capital expenditure and for the financial service business. The Group's borrowings and debt securities as at 30 June 2018 were S\$2.6 billion of which S\$1.3 billion relates to IMAS' car rental and financial services business.

Cash Flow Statement

Net cash used in operating activities was S\$220.1 million as compared to S\$155.7 million in the previous period.

Net cash used in investing activities was S\$95.1 million and was mainly due to capital expenditure.

Net cash generated from financing activities was S\$281.1 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.*

While IMAS's truck and heavy duty equipment, car rental, and spare parts and servicing businesses have all registered good growth, higher contributions from passenger vehicle segment, with launch of new vehicle models, is expected towards 2nd half of 2018 and into Year 2019.

We started 2018 with strong tourist arrival into Bintan and registered growth in our Resorts and Ferry segments. Continue with this momentum and development of key industrial clusters in Bintan, we are hopeful that these core business segments will contribute positively to the Group.

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 30 June 2018.

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 30 June 2018 was as follows:

Name of interested person	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000
PURCHASES	
PT Inti Ganda Perdana Purchases	1,240
PT Asuransi Central Asia Purchases	619
PT Indomarco Prismaatama Purchases	564
PT Mentari Subur Abadi Purchases	454
PT Hino Motors Sales Indonesia Purchases	347
PT Salim Ivomas Pratama Purchases	104
SALES	
PT Alam Indah Bintang Sales	950
PT Hamfred Technology Indonesia Interest Income	1,052
PT Indomobil Manajemen Corpora Interest Income	906
PT Wahana Inti Sela Interest Income	652
PT Nissan Motor Distributor Indonesia Sales	353
PT Indofood CBP Sukses Makmur Tbk Sales	124
PT Shinhan Indo Finance Sales	120
PT Wolfsburg Auto Indonesia Sales	106
PT Suzuki Indomobil Sales Sales	495
PT Hino Motors Sales Indonesia Dividend Income	4,721
PT Hino Motors Manufacturing Indonesia Dividend Income	2,052
PT Sumi Rubber Indonesia Dividend Income	286

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
10 AUGUST 2018

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 Second Quarter Financial Statements for the period ended 30 June 2018 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: 10 AUGUST 2018