

GALLANT VENTURE LTD

Registration Number: 200303179Z

Blk 3 #02-06/07, 991 Alexandra Road,
Singapore 119964

Tel +65 63893535

Fax +65 63967758

www.gallantventure.com

**SECOND QUARTER 2008 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT**

The Board of Directors of Gallant Venture Ltd advise the following unaudited results of the Group for the second quarter ended 30 June 2008.

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 2008 S\$'000	2nd Qtr 2007 S\$'000	Incr/ (Decr) %	Half year 2008 S\$'000	Half year 2007 S\$'000	Incr/ (Decr) %
Revenue	56,371	69,097	(18.4)	112,063	123,633	(9.4)
Cost of sales	<u>(41,381)</u>	<u>(48,988)</u>	(15.5)	<u>(81,979)</u>	<u>(89,111)</u>	(8.0)
Gross profit	14,990	20,109	(25.5)	30,084	34,522	(12.9)
General and administrative expenses	(3,078)	(2,041)	50.8	(4,934)	(3,370)	46.4
Other operating expenses	(6,430)	(5,919)	8.6	(12,434)	(13,760)	(9.6)
Other income net of expenses	395	291	35.7	970	643	50.9
Interest income	650	830	(21.7)	1,559	1,756	(11.2)
Finance costs	(655)	(1,717)	(61.9)	(1,539)	(3,588)	(57.1)
Exchange gain	167	(368)	(145.4)	355	243	46.1
Share of associated company's profit/(losses)	39	(118)	(133.1)	97	(51)	(290.2)
Profit before taxation	6,078	11,067	(45.1)	14,158	16,395	(13.6)
Taxation	(5,243)	(3,924)	33.6	(12,547)	(7,898)	58.9
Profit after taxation	835	7,143	(88.3)	1,611	8,497	(81.0)
Attributable to:						
Equity holders of the Company	1,245	6,344	(80.4)	2,349	8,101	(71.0)
Minority Interests	(410)	799	(151.3)	(738)	396	(286.4)
	835	7,143	(88.3)	1,611	8,497	(81.0)

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

	GROUP			
	Quarter ended 30 June		YTD 30 June	
	2nd Qtr 2008	2nd Qtr 2007	HY 2008	HY 2007
	S\$'000	S\$'000	S\$'000	S\$'000
Amortization of intangible assets	31	22	54	38
Depreciation of property, plant and equipment	8,074	8,279	16,289	16,730
Depreciation of investment properties	5,586	5,736	11,343	11,445
Loss/(gain) on disposal of property, plant and equipment	66	(4)	70	(4)

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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.**

	Group		Company	
	30.06.08 S\$'000	31.12.07 S\$'000	30.06.08 S\$'000	31.12.07 S\$'000
Non-current assets				
Intangible assets	1,400	1,448	7	6
Property, plant and equipment	370,105	380,714	261	171
Investment properties	305,945	317,577	-	-
Subsidiaries	-	-	1,207,642	1,207,642
Associated companies	960	953	-	-
Other investments	-	-	-	-
Deferred tax assets	7,463	7,669	-	-
Loan receivables	62,046	62,046	-	-
Other non-current assets	4,188	3,366	-	-
	<u>752,107</u>	<u>773,773</u>	<u>1,207,910</u>	<u>1,207,819</u>
Current assets				
Land inventories	547,292	546,481	-	-
Other inventories	12,273	10,503	-	-
Trade and other receivables	76,105	62,067	93,776	88,211
Restricted cash	2,355	3,276	-	-
Cash and cash equivalents	72,085	81,639	2,328	1,747
	<u>710,110</u>	<u>703,966</u>	<u>96,104</u>	<u>89,958</u>
Total assets	<u>1,462,217</u>	<u>1,477,739</u>	<u>1,304,014</u>	<u>1,297,777</u>
Non-current liabilities				
Deposits from tenants/golf membership	35,718	36,045	-	-
Employee benefits liabilities	5,533	5,928	-	-
Deferred tax liabilities	555	557	-	-
Loans and borrowings	42,500	38,200	78,669	34,000
	<u>84,306</u>	<u>80,730</u>	<u>78,669</u>	<u>34,000</u>
Current liabilities				
Trade and other payables	47,407	48,192	3,115	3,224
Current tax payable	8,719	8,923	-	-
Current portion of loans and borrowings	41,743	61,074	12,500	69,546
	<u>97,869</u>	<u>118,189</u>	<u>51,784</u>	<u>72,770</u>
Total liabilities	<u>182,175</u>	<u>198,919</u>	<u>94,284</u>	<u>106,770</u>
Share capital	1,207,642	1,207,642	1,207,642	1,207,642
Translation reserves	(1,118)	(730)	-	-
Retained profits/(accumulated losses)	41,651	39,302	2,088	(16,635)
Equity attributable to equity holders of the Company	<u>1,248,175</u>	<u>1,246,214</u>	<u>1,209,730</u>	<u>1,191,007</u>
Minority Interest	<u>31,867</u>	<u>32,606</u>	<u>-</u>	<u>-</u>
Total equity	<u>1,280,042</u>	<u>1,278,820</u>	<u>1,209,730</u>	<u>1,191,007</u>
Total liabilities and equity	<u>1,462,217</u>	<u>1,477,739</u>	<u>1,304,014</u>	<u>1,297,777</u>

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

	Group	
	30.06.08 S\$'000	31.12.07 S\$'000
(i) Amount payable in one year or less, or on demand		
Secured	22,448	41,620
Unsecured	19,295	19,454
	41,743	61,074
(ii) Amount repayable after one year		
Secured	42,500	38,200
Unsecured	-	-
	42,500	38,200
TOTAL	84,243	99,274

(iii) Details of any collaterals

The following assets of the Group were mortgaged to lenders to secure credit facilities for the Company and the Group:

- a. Pledge of 100% shares in the capital of PT Batamindo Investment Cakrawala ("PT BIC");
- b. Assignment of the dividends of the pledged shares as mentioned in (a) above in the bank favour;
- c. Assignment of accounts receivable of PT BIC and the related bank account maintained with UOB Bank which is maintained for the collections of such accounts receivables;
- d. Deed of debenture creating a fixed and floating charge over Bintan Resorts Ferries Pte Ltd ("BRF")'s assets both present and future including goodwill and uncalled capital; and
- e. First legal mortgage on BRF's vessels;
- f. Assignment of ferry construction cost refund guarantees during the construction period;
- g. Assignment of hull and machinery and protection and indemnity insurances with respect to the vessels; and
- h. All-monies first preferred mortgage on the vessels upon their completion.

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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	
	30.06.08 S\$'000	30.06.07 S\$'000
Cash flows from operating activities		
Profit before taxation	14,158	16,395
Adjustments for:		
Amortisation of intangible assets	54	38
Depreciation of property, plant and equipment	16,289	16,730
Depreciation of investment properties	11,343	11,445
Currency translation difference	(333)	48
Provision for employee benefits	543	-
Loss/(gain) on disposal of property, plant & equipment	70	(4)
Share of associated companies' (profits)/losses	(97)	51
Interest expense	1,539	3,588
Interest income	(1,559)	(1,756)
Cash from operations before changes in working capital	42,007	46,535
Changes in working capital		
(Increase)/decrease in land inventories	(811)	5,909
(Increase)/decrease in other inventories	(1,771)	2,587
(Increase)/decrease in operating receivables	(14,037)	2,988
(Decrease)/increase in operating payables	(326)	8,135
Cash generated from operating activities	25,062	66,154
Income tax paid	(11,783)	(7,015)
Employee benefits paid	(939)	-
Interest paid	(2,805)	(3,588)
Interest received	1,559	1,756
Deposits refunded to tenants/golf members	(326)	(1,252)
Net cash generated from operating activities	10,767	56,055
Cash flows from investing activities		
Acquisition of intangible assets	(6)	(45)
Acquisition of property, plant and equipment	(6,046)	(18,205)
Proceeds from disposal of property, plant and equipment	585	-
Dividends from associated companies	90	90
Deposits (paid)/received	(823)	1,117
Net cash used in investing activities	(6,200)	(17,043)
Cash flows from financing activities		
(Increase)/decrease in fixed deposits pledged with a bank	921	(466)
Loan from financial institutions	5,200	606
Repayment of bank loan	(20,242)	(28,547)
Net cash used in financing activities	(14,121)	(28,407)
Net (decrease)/increase in cash and cash equivalents	(9,554)	10,605
Cash and cash equivalents at beginning	81,639	66,934
Cash and cash equivalents at end	72,085	77,539

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- 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 2008:

	Share capital	Translation reserve	(Accumulated losses) /retained profits	Attributable to equity holders of the Company	Minority Interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2007	1,205,212	653	24,582	1,230,447	32,891	1,263,338
Currency translation difference	-	(438)	-	(438)	-	(438)
Net profit for the first quarter	-	-	1,757	1,757	(403)	1,354
Total recognised income and expense for the period	-	(438)	1,757	1,319	(403)	916
Balance as at 31 March 2007	1,205,212	215	26,339	1,231,766	32,488	1,264,254
Currency translation difference	-	443	-	443	-	443
Net profit for the second quarter	-	-	6,344	6,344	799	7,143
Total recognised income and expense for the period	-	443	6,344	6,787	799	7,586
Balance as at 30 June 2007	1,205,212	658	32,683	1,238,553	33,287	1,271,840
Balance as at 1 January 2008	1,207,642	(730)	39,302	1,246,214	32,606	1,278,820
Currency translation difference	-	680	-	680	(1)	679
Net profit for the first quarter	-	-	1,104	1,104	(328)	776
Total recognised income and expense for the period	-	680	1,104	1,784	(329)	1,455
Balance as 31 March 2008	1,207,642	(50)	40,406	1,247,998	32,277	1,280,275
Currency translation difference	-	(1,068)	-	(1,068)	-	(1,068)
Net profit for the second quarter	-	-	1,245	1,245	(410)	835
Total recognised income and expense for the period	-	(1,068)	1,245	177	(410)	(233)
Balance as 30 June 2008	1,207,642	(1,118)	41,651	1,248,175	31,867	1,280,042

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**Statement of changes in equity of the Company for the period ended 30 June 2008:**

	Share Capital S\$'000	(Accumulated losses)/retained profits S\$'000	Total S\$'000
Balance as at 1 January 2007	1,205,212	(11,120)	1,194,092
Net loss for the first quarter	-	(1,735)	(1,735)
Total recognised income and expense for the period	-	(1,735)	(1,735)
Balance as at 31 March 2007	1,205,212	(12,855)	1,192,357
Net loss for the second quarter	-	(2,563)	(2,563)
Total recognised income and expense for the period	-	(2,563)	(2,563)
Balance as at 30 June 2007	1,205,212	(15,418)	1,189,794
Balance as at 1 January 2008	1,207,642	(16,635)	1,191,007
Net profit for the first quarter	-	20,586	20,586
Total recognised income and expense for the period	-	20,586	20,586
Balance as at 31 March 2008	1,207,642	3,951	1,211,593
Net loss for the second quarter	-	(1,863)	(1,863)
Total recognised income and expense for the period	-	(1,863)	(1,863)
Balance as at 30 June 2008	1,207,642	2,088	1,209,730

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 30 June 2008 and 31 December 2007 was 2,412,482,556.

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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.

Not applicable.

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 nor 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 and the Company have 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 2007.

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

Not applicable.

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)

Earnings per ordinary share for the period based on profit attributable to shareholders:

	Group			
	2nd Quarter 2008 S\$'000	2nd Quarter 2007 S\$'000	Half year 2008 S\$'000	Half year 2007 S\$'000
Earnings (S\$'000)	1,245	6,344	2,349	8,101
Based on weighted number of ordinary shares in issue – 2,412,482,556 and 2,410,423,184 in 2008 and 2007 respectively	0.05 cents	0.26 cents	0.10 cents	0.34 cents

There was no dilutive effect on Earnings per Shares.

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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.**

	<u>Group</u>		<u>Company</u>	
	<u>30.06.08</u>	<u>31.12.07</u>	<u>30.06.08</u>	<u>31.12.07</u>
Net asset value per ordinary share	51.74 cents	51.66 cents	50.14 cents	49.37 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 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.**

2nd Quarter 2008 (2Q 2008) vs. 2nd Quarter 2007 (2Q 2007)

The Group's 2Q 2008 revenue of S\$56.4 million was 18.4% lower than 2Q 2007's S\$69.1 million. This was mainly due to reduction in completed land sale in 2Q 2008 as compared to S\$13.9 million recognized in 2Q 2007. The Group's gross profit was S\$15.0 million as compared to 2Q 2007's S\$20.1 million. As at 30 June 2008, the Group has entered into sales and purchase agreements for S\$66.98 million of land sale. Currently, the Group recognizes land sale upon transfer of land titles, which may take between 6 months to 24 months.

Consequently, the Net Profit after Minority Interest was S\$1.2 million, which was 80.4% lower than the corresponding period's S\$6.3 million.

Half year 2008 (HY 2008) vs. Half year 2007 (HY 2007)

The Group's HY 2008 revenue of S\$112.1 million was 9.4% lower than HY 2007's S\$123.6 million. This was mainly due to reduction in completed land sale in HY 2008 as compared to S\$13.9 million recognized in HY 2007. The Group's gross profit was S\$30.1 million as compared to HY 2007's S\$34.5 million.

In line with lower revenue and one-time payment of S\$2 million withholding tax, the Group's Net Profit after Minority Interest ("NPATMI") was S\$2.3 million as compared to HY 2007's S\$8.1 million.

Cash and cash equivalents for the Group as at 30 June 2008 was S\$74.4 million. This was S\$10.5 million lower than 31 December 2007's S\$84.9 million and was mainly due to repayment of bank 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.

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- 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.**

Recent developments such as the sub-prime crisis and economic slowdown in the USA have affected investment sentiment in Bintan. This may result in slower land sales from the property development business. High fuel cost and inflation may have negative impact on the Group's businesses. Notwithstanding the above, the Company is confident of its future land sale.

- 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 2008.

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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 30 June 2008 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		
Sembcorp Parks Management Pte Ltd Marketing and Management fees	-	2,426
PT Herwido Rintis Management fee	-	143
PT Tunas Karya Management fee	-	227
Island Leisure International Pte Ltd Management fee	-	350
Ascendas Investment Pte Ltd Shareholder loan interest	-	253
SALES		
PT Alam Indah Bintan Sales	-	(1,880)
PT Straits CM Village Sales	-	(1,468)
PT Tunas Karya Sales	-	(265)

BY THE ORDER OF THE BOARD

CHOO KOK KIONG
COMPANY SECRETARY
5 August 2008

Asian Corporate Advisors Pte Ltd ("ACA") and Genesis Capital Pte Ltd ("Genesis") were the Issue Managers of Gallant Venture Ltd.'s listing exercise. ACA and Genesis assume no responsibility for the contents of this announcement.

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CONFIRMATION BY DIRECTORS PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

To the best of our knowledge, nothing has come to the attention of the Board of Directors of Gallant Venture Ltd. which may render the first quarter 2008 financial results to be false or misleading.

For and on behalf of the Board

Eugene Cho Park
CEO / Executive Director

Gianto Gunara
Executive Director

5 August 2008