

**GALLANT VENTURE LTD**

Registration Number: 200303179Z

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

Tel +65 63893535  
Fax +65 63967758

www.gallantventure.com



**FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010 (THE "RESULTS ANNOUNCEMENT")**

Further to our full year 2010 Financial Statements and Dividend Announcement on 14 February 2011 ("Results Announcement"), the Board of Directors of Gallant Venture Ltd advise further clarification requested by the Singapore Exchange and our replies are as follows:-

**"We note on Pg 3 of the results announcement that "Trade and other payables" increased by 43% from S\$47.5m to S\$67.9m when "Cost of Sales" by 11.1% from S\$151.2 m to S\$168.0m from FY2009 to FY2010. In respect of the significant increase in "Trade and other payables", please provide the following information:-"**

- (i) Reasons for the significant increase in "Trade and other payables"; and**
- (ii) Breakdown of material items contributing to the increase.**

In FY2009, Gallant Venture's subsidiary, PT Buana Megawisata ("PT BMW"), commenced development of Lagoi Bay, Bintan, Indonesia. Lagoi Bay is a 1,300 ha mixed use development for hotels, resorts, residential and recreational facilities. Total infrastructure development cost is approximately S\$85 million to be spent from FY2009 to FY2012. As PT BMW intensifies the development in FY2010, the "Trade and other payables" increases in tandem with the construction work done by contractors.

During the year under review, PT BMW completed the transfer of S\$33.3 million worth of land sales and correspondingly the "Cost of Sales" increase by 11.1%, representing the cost relating to the said land sales.

**"We note on Pg 5 of the results announcement proceeds from the sale of investment properties of S\$2.1m. Please confirm whether the sale of investment properties have been previously announced via SGXNET in accordance with Chapter 10 of the Listing Manual, if applicable."**

Gallant Venture's Industrial Parks are in the business of providing industrial buildings for lease or for sales. The industrial buildings are classified as Investment Properties. In FY2010, PT Bintan Inti Industrial Estate sold one industrial building to its tenant and accordingly recognized the transaction as "Sale of investment properties". The Chapter 10 of the Listing Manual is not applicable.

**“We note on Pg 10 of the results announcement that “Other income” of S\$6.9m was mainly due to a one-time recovery of certain expenses. Please provide the following information:-”**

- (i) Circumstances giving rise to the recovery of these expenses; and**
- (ii) Elaborate and provide details of the nature of such expenses.**

	FY2010	FY2009
	S\$'000	S\$'000
Bank charges	(1,947)	(200) (note 1)
Telecommunication charges	2,496	1,776 (note 2)
Gain / (Loss) on disposal of Plant & Equipment	175	149
Receipt of job credits	85	473
Recovery of overpaid Indonesia VAT	6,054	(1,307) (note 3)
	<u>6,863</u>	<u>891</u>

Note 1) The bank charges relate to bank financing for the acquisition of the Shanghai project.

Note 2) The Group owns and operates telecommunication business in Batam and Bintan, Indonesia, through its 95% subsidiary – PT Batam Bintan Telekomunikasi (“PT BBT”). Other than receiving income from telecommunication charges for the customers, PT BBT provides telecommunication inter-connectivity with other larger telecommunication companies for a fee. Fees received from other telecommunication companies are recorded as “Other Income”.

Note 3) In the past, PT Batamindo Investment Cakrawala (“PT BIC”), a 100% subsidiary of Gallant Venture Ltd operating in Batam, paid value-added tax (VAT) for the fuel purchases to the Indonesian Tax Authority. As Batam was gazetted as a bonded zone, VAT for purchases were suspended for companies operating in Batam. Notwithstanding, there was a lack of clarity from the tax authorities as regards to the suspension of VAT status for local businesses such as PT BIC. While seeking clarification and on prudent grounds, PT BIC continued to pay input VAT as required by the local tax authorities. But for good order, PT BIC continued to engage the tax authorities on the grounds of the “gazette” and presented a legitimate case for a refund of the VAT paid. On grounds of prudence and with no assurance of recovery, the company did not make any provisions, as no definitive ruling was issued by the tax authorities. In the financial year under review, the company finally resolved the issues with the tax authorities and managed to recover the sum and accordingly recognized it as “Other Income”. In prior years, VAT expenses were charged to “Fuel cost”.

**BY THE ORDER OF THE BOARD**

CHOO KOK KIONG  
COMPANY SECRETARY  
28 February 2011