

GALLANT VENTURE LTD

Registration Number: 200303179Z

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

Tel +65 63893535

Fax +65 63967758

www.gallantventure.com

**Second Quarter 2011 Financial Statements and Dividend Announcement****UNAUDITED RESULTS FOR SECOND QUARTER ENDED 30 JUNE 2011**

The Board of Directors of Gallant Venture Ltd announces the following unaudited results of the Group for the period ended 30 June 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					
	Quarter ended 30 June			YTD 30 June		
	2nd Qtr 2011 S\$'000	2nd Qtr 2010 S\$'000	Incr/ (Decr) %	Half year 2011 S\$'000	Half year 2010 S\$'000	Incr/ (Decr) %
Revenue	48,521	59,094	(17.9)	93,025	106,976	(13.0)
Cost of sales	(41,645)	(44,759)	(7.0)	(79,533)	(84,392)	(5.8)
Gross profit	6,876	14,335	(52.0)	13,492	22,584	(40.3)
General and administrative expenses	(2,947)	(2,774)	6.2	(5,810)	(5,493)	5.8
Other operating expenses	(6,190)	(6,163)	0.4	(12,025)	(11,829)	1.7
Other income net of other expenses	4,568	(420)	N.M	5,645	164	3,342.1
Interest income	4,814	4,065	18.4	9,843	5,315	85.2
Finance costs	(4,119)	(3,682)	11.9	(8,381)	(4,868)	72.2
Exchange loss	(472)	(1,379)	(65.8)	(811)	(904)	(10.4)
Share of associated company's profit	28	15	86.7	40	17	135.3
Profit before tax	2,558	3,997	(36.0)	1,993	4,986	(60.0)
Taxation	(2,735)	(2,725)	0.4	(5,467)	(5,674)	(3.6)
Profit/(loss) after tax for the period	(177)	1,272	N.M	(3,474)	(688)	404.9
Other comprehensive income/(loss):						
Exchange differences on translating foreign operations	(39)	38	N.M	(237)	181	N.M
Other comprehensive income/(loss) for the period	(39)	38	N.M	(237)	181	N.M
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(216)	1,310	N.M	(3,711)	(507)	632.0
Profit/(loss) attributable to:						
Equity holders of the Company	153	1,771	(91.4)	(2,827)	215	N.M
Non-controlling interest	(330)	(499)	(33.9)	(647)	(903)	(28.3)
	(177)	1,272	N.M	(3,474)	(688)	404.9
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	116	1,810	(93.6)	(3,066)	385	N.M
Non-controlling Interests	(332)	(500)	(33.5)	(645)	(892)	(37.6)
	(216)	1,310	N.M	(3,711)	(507)	632.0

N.M. denotes "Not Meaningful"

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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 2011	2nd Qtr 2010	Half year 2011	Half year 2010
	S\$'000	S\$'000	S\$'000	S\$'000
Amortisation of intangible assets	48	39	81	79
Depreciation of property, plant and equipment	7,994	8,270	15,888	17,374
Depreciation of investment properties	5,545	5,512	11,066	10,156
Gain on sale of property, plant and equipment	(800)	(79)	(811)	(79)
Gain from sale of investment properties	-	(276)	(80)	(276)
(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.

	Group		Company	
	30.06.11 S\$'000	31.12.10 S\$'000	30.06.11 S\$'000	31.12.10 S\$'000
Non-current assets				
Intangible assets	1,382	1,403	46	3
Property, plant and equipment	321,989	334,588	222	287
Investment properties	243,439	253,733	-	-
Subsidiaries	-	-	1,207,642	1,207,642
Associate companies	14,991	14,951	-	-
Deferred tax assets	4,187	4,286	-	-
Loan receivables	47,500	47,500	-	-
Notes receivables	271,839	278,613	271,839	278,613
Interest receivables on notes	21,021	12,383	21,021	12,383
Other non-current assets	2,798	2,896	-	-
	<u>929,146</u>	<u>950,353</u>	<u>1,500,770</u>	<u>1,498,928</u>
Current assets				
Land inventories	567,806	558,509	-	-
Other inventories	12,292	11,115	-	-
Trade and other receivables	52,337	44,526	135,983	124,844
Cash and bank balances	116,806	160,365	52,659	86,278
	<u>749,241</u>	<u>774,515</u>	<u>188,642</u>	<u>211,122</u>
Total assets	<u>1,678,387</u>	<u>1,724,868</u>	<u>1,689,412</u>	<u>1,710,050</u>
Non-current liabilities				
Deposits from tenants/golf membership	34,477	35,298	-	-
Employee benefits liabilities	8,050	7,625	-	-
Deferred tax liabilities	1,937	1,743	223	223
Loans and borrowings	212,914	256,616	212,893	256,572
Other liabilities	732	839	732	839
	<u>258,110</u>	<u>302,121</u>	<u>213,848</u>	<u>257,634</u>
Current liabilities				
Trade and other payables	69,543	67,986	51,258	26,799
Current tax payable	3,687	2,819	29	25
Current portion of loans and borrowings	78,589	79,773	225,753	227,214
	<u>151,819</u>	<u>150,578</u>	<u>277,040</u>	<u>254,038</u>
Total liabilities	<u>409,929</u>	<u>452,699</u>	<u>490,888</u>	<u>511,672</u>
Equity				
Share capital	1,207,642	1,207,642	1,207,642	1,207,642
Translation reserves	(1,147)	(908)	-	-
Retained profits/(accumulated losses)	35,849	38,676	(9,118)	(9,264)
Equity attributable to equity holders of the Company	<u>1,242,344</u>	<u>1,245,410</u>	<u>1,198,524</u>	<u>1,198,378</u>
Non-controlling Interest	<u>26,114</u>	<u>26,759</u>	<u>-</u>	<u>-</u>
Total equity	<u>1,268,458</u>	<u>1,272,169</u>	<u>1,198,524</u>	<u>1,198,378</u>
Total liabilities and equity	<u>1,678,387</u>	<u>1,724,868</u>	<u>1,689,412</u>	<u>1,710,050</u>

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

	Group	
	30.06.11 S\$'000	31.12.10 S\$'000
(i) Amount payable in one year or less, or on demand		
Secured	78,206	79,668
Unsecured	383	105
	78,589	79,773
(ii) Amount repayable after one year		
Secured	212,893	256,571
Unsecured	21	45
	212,914	256,616
TOTAL	291,503	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 Megawisatama ("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	
	30.06.11 S\$'000	30.06.10 S\$'000
Cash flows from operating activities		
Profit before taxation	1,993	4,986
Adjustments for:		
Amortisation of intangible assets	81	79
Depreciation of property, plant and equipment	15,888	17,374
Depreciation of investment properties	11,066	10,156
Currency translation difference	501	226
Provision for employee benefits	507	695
Gain on sale of investment properties	(80)	(276)
Gain on sale of property, plant & equipment	(811)	(79)
Gain on sale of a subsidiary	(21)	-
Share of associated companies' profits	(40)	(17)
Interest expense	8,381	4,868
Interest income	(9,843)	(5,314)
Cash from operations before changes in working capital	27,622	32,698
Changes in working capital		
(Increase)/decrease in land inventories	(9,297)	219
(Increase)/decrease in other inventories	(1,177)	436
Increase in operating receivables	(8,400)	(18,481)
Decrease in operating payables	(1,407)	(4,495)
Cash generated from operating activities	7,341	10,377
Income tax paid	(1,327)	(2,699)
Employee benefits paid	(83)	(40)
Interest paid	(7,447)	(6,050)
Interest received	784	380
Deposits (refunded)/received to tenants/golf members	(821)	570
Net cash (used in)/generated from operating activities	(1,553)	2,538
Cash flows from investing activities		
Acquisition of intangible assets	(60)	(15)
Acquisition of property, plant and equipment	(5,084)	(3,767)
Investment in notes	-	(282,285)
Proceeds from sale of property, plant and equipment	1,783	81
Proceeds from sale of investment properties	125	2,090
Net proceeds from disposal of a subsidiary (Note A)	(7)	-
Deposits received/(paid)	98	(149)
Net cash used in investing activities	(3,145)	(284,045)
Cash flows from financing activities		
Loan from financial institutions	312	377,186
Repayment of bank loan	(39,173)	(101,186)
Net cash generated from financing activities	(38,861)	276,000
Net decrease in cash and cash equivalents	(43,559)	(5,507)
Cash and cash equivalents at beginning of period	160,365	118,717
Cash and cash equivalents at end of period	116,806	113,210

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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:

	30.06.11
	S\$'000
<u>Net assets disposed of</u>	
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 30 June 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 at 31 March 2010	1,207,642	(843)	27,803	1,234,602	28,415	1,263,017
Total comprehensive income/ (loss) for the period	-	39	1,771	1,810	(500)	1,310
Balance as 30 June 2010	1,207,642	(804)	29,574	1,236,412	27,915	1,264,327
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 at 31 March 2011	1,207,642	(1,110)	35,696	1,242,228	26,446	1,268,674
Total comprehensive income/ (loss) for the period	-	(37)	153	116	(332)	(216)
Balance as 30 June 2011	1,207,642	(1,147)	35,849	1,242,344	26,114	1,268,458

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**Statement of changes in equity of the Company for the period ended 30 June 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
Total comprehensive loss for the period	-	(631)	(631)
Balance as at 30 June 2010	1,207,642	(6,267)	1,201,375
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
Total comprehensive loss for the period	-	2,728	2,728
Balance as at 30 June 2011	1,207,642	(9,118)	1,198,524

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 2011 and 30 June 2010 were 2,412,482,556.

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.

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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 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)**

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

	Group			
	2nd Quarter 2011 S\$'000	2nd Quarter 2010 S\$'000	Half year 2011 S\$'000	Half year 2010 S\$'000
Profit/(Loss)	153	1,771	(2,827)	215
Based on weighted number of ordinary shares in issue – 2,412,482,556 in 2011 and 2010 respectively	0.01cents	0.07 cents	(0.12) cents	0.01 cents

There was no dilutive effect on Earnings per Share.

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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.**

	Group		Company	
	30.06.11	31.12.10	30.06.11	31.12.10
Net asset value per ordinary share	51.50 cents	51.62 cents	49.68 cents	49.67 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 2011 (2Q2011) vs. 2nd Quarter 2010 (2Q2010)

The Group's revenue of S\$48.5 million in 2Q2011 was 17.9% lower than 2Q2010's S\$59.1 million which included a recognition of S\$12.4 million land sales.

In line with lower revenue, the Group's cost of sales decreased from 2Q2010's S\$44.8 million to S\$41.6 million in 2Q2011, representing an 8% decrease.

Marginally higher general and administrative expenses of S\$2.9 million in 2Q2011 as compared to 2Q2010's S\$2.8 million were mainly due to higher salaries related expenses.

Other income of S\$4.6 million, as compared to other expense of S\$0.4 million in 2Q2010, was mainly due to recovery of overpayment of the corporate income tax.

With above, the Group's net profit attributable to shareholders was S\$0.15 million as compared to S\$1.8 million in 2Q2010.

Half year 2011 (1H2011) vs. Half year 2010 (1H2010)

Profit & Loss Statement

The Group's 1H2011 revenue was S\$93 million, which was 13% lower than 1H2010's S\$107 million and lower revenue was mainly due to:

- Lower electricity revenue due to lower demand and electricity tariff from the industrial parks segment and
- Lack of land sales recognition whereas in 1H2010, there was a recognition of S\$12.4 million.

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Accordingly, 1H2011's cost of sales was S\$79.5 million which was 5.8% lower than 1H2010's S\$84.4 million. The resultant Gross Profit was S\$13.5 million and S\$22.6 million for 1H2011 and 1H2010, respectively.

The Group's 1H2011 "general and administrative expenses" increased marginally to S\$5.8 million from 1H2010's S\$5.5 million. The increase was mainly due to higher office and office rental related expenses.

"Other operating expenses" increased marginally from S\$11.8 million in 1H2010 to S\$12.0 million in 1H2011. This was mainly due to higher professional fees and repair and maintenance expense.

"Other income net of other expenses" of S\$5.6 million in 1H2011 was higher than 1H2010's S\$0.2 million and this was mainly due to write back of excess provision for Withholding tax and recovery of overpayment for corporate income tax expense.

The Group's 1H2011 interest income of S\$9.8 million in 1H2011 as compared with 1H2010's S\$5.3 million. The increase was mainly due to interest income arising from the investment in notes issued for the Shanghai acquisition in March 2010. Correspondingly, Group's interest expense also increased from 1H2010's S\$4.9 million to S\$8.4 million in 1H2011 due to the financing of the acquisition.

In line with lower revenue, the Group's 1H2011 tax expense decreased from 1H2010's S\$5.7 million to S\$5.5 million.

With above, the Group's a net loss attributable to shareholders was S\$2.8 million loss in 1H2011 as compared with the profit of S\$0.2 million in 1H2010.

Balance Sheet

The Group's property, plant and equipment and investment properties were lower than 1H2010. This was mainly due to depreciation and sales of industrial land and investment property in 1H2011.

The increase in land inventories was mainly due to capitalization of cost incurred for the Lagoi Bay Development.

Cash Flow

The Group's total "cash and cash equivalent" as at 30 June 2011 was S\$116.8 million, which was S\$43.6 million lower than FY2010's S\$160.4 million. This was mainly due to the repayment of S\$39.2 million of bank loan.

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 continue to face pressure on rental rates from other industrial parks. Increasing fuel and natural gas cost may negatively impact the Group's utilities and resorts business. The Group is confident on future land sales.

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**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 2011.

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 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 Tunaskarya Indoswasta Management fee	-	208
PT Adhya Tirta Batam Purchase of treated water	-	1,226
SALES		
PT Alam Indah Bintan Sales	-	(1,489)
PT Straits CM Village Sales	-	(1,434)
CONVERTIBLE BOND		
PT Alam Indah Bintan Interest Income	(1,187)	-

BY THE ORDER OF THE BOARDCHOO KOK KIONG
COMPANY SECRETARY
11 August 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 Second Quarter Financial Statements for the period ended 30 June 2011 to be false or misleading in any material aspect.

A handwritten signature in black ink, appearing to read "Eugene Cho Park".

Eugene Cho Park
CEO / Executive Director

A handwritten signature in black ink, appearing to read "Gianjo Gunara".

Gianjo Gunara
Executive Director

11 August 2011