

GALLANT VENTURE LTD

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**First Quarter 2014 Financial Statements and Dividend Announcement****UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

The Board of Directors of Gallant Venture Ltd announces the following unaudited results of the Group for the period ended 31 March 2014.

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		
	1st Qtr 2014 S\$'000	YTD 31 March 1st Qtr 2013 S\$'000	Incr/ (Decr) %
Revenue	526,194	41,458	1,169
Cost of sales	(457,855)	(35,431)	1,192
Gross profit	68,339	6,027	1,034
General and administrative expenses	(32,704)	(2,674)	1,123
Other operating expenses	(35,691)	(5,530)	545
Other income net of other expenses	22,190	414	N.M
Interest income	6,747	5,355	26
Finance costs	(26,086)	(4,399)	493
Exchange gain	2,144	25	N.M
Share of associated company's result	(1,821)	27	N.M
Profit / (loss) before tax	3,118	(755)	N.M
Taxation	(4,141)	(2,864)	45
Loss after tax for the period	(1,023)	(3,619)	(72)
Other comprehensive (expenses)/income:			
<u>Items that are/may be reclassified subsequently to profit or loss</u>			
Net changes in available-for sales investment	(14,035)	-	N.M
Net changes in derivative instrument – net of tax	(3,290)	-	N.M
Foreign currency translation	32,509	71	N.M
Other comprehensive income	15,184	71	N.M
Total comprehensive income/(expenses)	14,161	(3,548)	N.M
(Loss)/profit attributable to:			
Equity holders of the Company	(2,902)	(3,292)	(12)
Non-controlling interest	1,879	(327)	N.M
	(1,023)	(3,619)	(72)
Total comprehensive income/(expenses) attributable to:			
Equity holders of the Company	6,352	(3,225)	N.M
Non-controlling interest	7,809	(323)	N.M
	14,161	(3,548)	N.M

N.M. denotes "Not Meaningful"

The exchange rate of S\$1=IDR9,050 (31 December 2013: S\$1=IDR9,628) was used for translating IMAS's assets and liabilities at the balance sheet date and S\$1=IDR9,446 was used for translating the results for the period.

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

	Group	
	1st Qtr 2014	1st Qtr 2013
	S\$'000	S\$'000
Amortisation of intangible assets	43	14
Depreciation of property, plant and equipment	22,865	7,486
Depreciation of investment properties	5,642	5,608
Gain on sale of property, plant and equipment	(7,657)	-
Allowance for impairment loss on trade receivables	3,966	-

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	
	31.03.14	31.12.13	31.03.14	31.12.13
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Intangible assets	1,269,120	1,269,162	347	379
Property, plant and equipment	633,539	603,671	41	48
Investment properties	181,017	186,491	-	-
Financing receivable	358,068	346,477	-	-
Subsidiaries	-	-	2,557,260	2,557,260
Associated companies	205,515	193,436	-	-
Deferred tax assets	39,091	34,780	1,344	1,344
Loan receivables	47,500	47,500	-	-
Notes receivables	260,633	260,683	6,293	6,343
Other non-current assets	256,296	297,843	2,924	2,797
	3,250,779	3,240,043	2,568,209	2,568,171
Current assets				
Land inventories	600,631	597,092	-	-
Other inventories	495,755	478,534	-	-
Financing receivables	350,259	306,259	-	-
Trade and other receivables	504,350	426,871	130,872	121,295
Cash and bank balances	180,370	168,363	5,780	3,062
	2,131,365	1,977,119	136,652	124,357
Total assets	5,382,144	5,217,162	2,704,861	2,692,528
Non-current liabilities				
Deposits from tenants/golf membership	29,280	27,819	90	90
Employee benefits liabilities	23,329	21,647	-	-
Deferred tax liabilities	5,162	4,575	-	-
Other non-current liabilities	53,569	52,312	-	-
Loans and borrowings	770,031	923,783	349,575	494,888
Debt securities	359,450	342,817	84,124	84,124
	1,240,821	1,372,953	433,789	579,102
Current liabilities				
Trade and other payables	341,432	345,002	20,631	18,428
Current tax payable	19,648	16,689	14	595
Current portion of loans and borrowings	1,079,373	799,744	311,557	134,867
Debt securities	61,586	57,857	-	-
	1,502,039	1,219,292	332,202	153,890
Total liabilities	2,742,860	2,592,245	765,991	732,992
Equity				
Share capital	1,880,154	1,880,154	1,880,154	1,880,154
Other reserves	24,830	16,610	80,000	80,000
Retained profits/(accumulated losses)	102,709	105,611	(21,284)	(618)
Equity attributable to equity holders of the Company	2,007,693	2,002,375	1,938,870	1,959,536
Non-controlling interest	631,591	622,542	-	-
Total equity	2,639,284	2,624,917	1,938,870	1,959,536
Total liabilities and equity	5,382,144	5,217,162	2,704,861	2,692,528

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

	Group	
	31.03.14	31.12.13
	S\$'000	S\$'000
(i) Amount payable in one year or less, or on demand		
Secured	1,134,980	850,579
Unsecured	5,979	7,022
	1,140,959	857,601
(ii) Amount repayable after one year		
Secured	1,043,998	1,180,567
Unsecured	85,483	86,033
	1,129,481	1,266,600
TOTAL	2,270,440	2,124,201

(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"); and
3. Assignment of insurance proceeds, receivables and equipment of PT BIC.
4. Pledge of shares of PT Indomobil Sukses Internasional Tbk ("IMAS").
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	
	31.03.14	31.03.13
	S\$'000	S\$'000
Cash flows from operating activities		
Profit / (loss) before taxation	3,118	(755)
Adjustments for:		
Amortisation of intangible assets	43	14
Depreciation of property, plant and equipment	22,865	7,486
Depreciation of investment properties	5,642	5,608
Net fair value loss on available for sales assets and derivatives	(4,990)	-
Currency translation difference	17,269	193
Provision for employee benefits	(1,509)	169
Provision for impairment loss on trade receivables	3,966	-
Gain on sale of property, plant & equipment	(7,657)	-
Share of associated companies' result	1,821	(27)
Interest expense	26,086	4,399
Interest income	(6,747)	(5,355)
Cash from operations before changes in working capital	59,907	11,732
Changes in working capital		
Increase in land inventories	(3,539)	(6,951)
Increase in other inventories	(17,221)	(209)
(Increase) / decrease in operating receivables	(31,420)	443
Increase in operating payables	18,807	2,736
Cash generated from operating activities	26,534	7,751
Income tax paid	(20,576)	(834)
Employee benefits paid	(184)	(26)
Interest paid	(49,407)	(4,399)
Interest received	12,177	221
Deposits collected from/(refunded to) tenants/golf members	1,461	(952)
Net cash (used in)/ generated from operating activities	(29,995)	1,761
Cash flows from investing activities		
Acquisition of property, plant and equipment	(56,215)	(2,288)
Acquisition of other assets	(63,922)	-
Proceeds from sale of property, plant and equipment	15,899	-
Net cash used in investing activities	(104,238)	(2,288)
Proceeds from other financing activities	19,481	-
Loan from financial institutions	629,222	5,039
Repayment of bank loan	(502,463)	(3,484)
Net cash generated from financing activities	146,240	1,555
Net increase in cash and cash equivalents	12,007	1,028
Cash and cash equivalents at beginning of period	168,363	66,769
Cash and cash equivalents at end of period	180,370	67,797

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 2014:

	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 2013, as restated	1,207,642	-	(2,242)	-	-	(2,838)	58,149	1,260,711	23,440	1,284,151
Loss for the period	-	-	-	-	-	-	(3,292)	(3,292)	(327)	(3,619)
Other comprehensive income	-	-	67	-	-	-	-	67	4	71
Total comprehensive income/(expenses) for the period	-	-	67	-	-	-	(3,292)	(3,225)	(323)	(3,548)
Balance as at 31 March 2013	1,207,642	-	(2,175)	-	-	(2,838)	54,857	1,257,486	23,117	1,280,603
Balance as at 1 January 2014	1,880,154	81,711	(72,641)	5,145	(4,267)	6,662	105,611	2,002,375	622,542	2,624,917
Profit/(loss) for the period	-	-	-	-	-	-	(2,902)	(2,902)	1,879	(1,023)
Other comprehensive income/(expenses)	-	-	21,589	(2,352)	(9,983)	-	-	9,254	5,930	15,184
Total comprehensive income/(expenses) for the period	-	-	21,589	(2,352)	(9,983)	-	(2,902)	6,352	7,809	14,161
Changes in interest in subsidiaries and effect of transaction with non-controlling interest	-	-	-	-	-	(1,034)	-	(1,034)	1,240	206
Balance as at 31 March 2014	1,880,154	81,711	(51,052)	2,793	(14,250)	5,628	102,709	2,007,693	631,591	2,639,284

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 2014:

	Share Capital S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
Balance as at 1 January 2013	1,207,642	-	(14,433)	1,193,209
Total comprehensive expense for the period	-	-	(1,864)	(1,864)
Balance as at 31 March 2013	<u>1,207,642</u>	<u>-</u>	<u>(16,297)</u>	<u>1,191,345</u>
Balance as at 1 January 2014	1,880,154	80,000	(618)	1,959,536
Total comprehensive expense for the period	-	-	(20,666)	(20,666)
Balance as at 31 March 2014	<u>1,880,154</u>	<u>80,000</u>	<u>(21,284)</u>	<u>1,938,870</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 2014	As at 31 Mar 2013
Conversion right of convertible bond	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 2014 and 31 March 2013 were 4,824,965,112 and 2,412,482,556 respectively. The company does not hold any treasury shares as at 31 March 2014 and 31 March 2013.

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 2013.

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)**

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

	Group	
	1st Qtr 2014	1st Qtr 2013
Net loss attributable to equity owners of the Company (S\$'000)	(2,902)	(3,292)
(i) Based on the weighted average number of ordinary shares on issue (cents)	(0.06)	(0.14)
(ii) On a fully diluted basis (cents) ⁽¹⁾	(0.06)	(0.14)

⁽¹⁾ The conversion right of convertible bond has not been included in the calculation of diluted loss per share 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	
	31.03.14	31.03.13 Restated	31.03.14	31.03.13
Net asset value per ordinary share	41.61 cents	52.12 cents	40.18 cents	49.38 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 2014 (31 March 2013 : 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.**

1st Quarter 2014 (1Q 2014) vs. 1st Quarter 2013 (1Q 2013)

Inclusion of results of company acquired by the Group: The 1Q 2014 results included consolidation of PT Indomobil Sukses Internasional Tbk's ("IMAS") which was acquired on 2 May 2013. As the 1Q 2013 results did not contain the consolidation impact of the acquisition, the consolidated results for 1Q 2014 were not strictly comparable to the 1Q 2013.

Profit & Loss Statement

The Group's 1Q 2014 revenue was S\$526.2 million, significantly higher than 1Q 2013's S\$41.5 million. Higher revenue was mainly due to consolidation of IMAS's revenue of approximately S\$485.4 million. Our utilities and resorts operations registered marginally higher revenue but were substantially offset by lower rental related revenue. There was no land sales recognition in 1Q 2014 as compared to S\$0.7 million in 1Q 2013.

The Group's cost of sales increased from S\$35.4 million in 1Q 2013 to 1Q 2014's S\$457.9 million which included IMAS' cost of sales of approximately S\$422.5 million. Excluding IMAS, cost of sales reduced marginally with the absence of cost relating to resorts land sales. Accordingly, the Group reported higher gross profit of S\$68.3 million in 1Q 2014 as compared with S\$6.0 million in 1Q 2013.

The Group's 1Q 2014 "general and administrative expenses" was S\$32.7 million as compared to 1Q 2013's S\$2.7 million which included IMAS's S\$29.9 million. Excluding IMAS, the "general and administrative expenses" increased by S\$0.1 million and was mainly due to higher staff costs.

The Group's 1Q 2014 "other operating expenses" was S\$35.7 million as compared to 1Q 2013's S\$5.5 million which included IMAS's S\$30.6 million.

"Other income net of other expenses" of S\$22.2 million in 1Q 2014 was higher than 1Q 2013's S\$0.4 million and was mainly due to IMAS's contribution of approximately S\$21.2 million.

The Group's 1Q 2014 "finance costs" was S\$26.1 million as compared to 1Q 2013's S\$4.4 million which included IMAS's S\$16.2 million. Excluding IMAS, the finance cost increased by S\$5.5 million and was mainly due to interest expenses in relation to the IMAS acquisition.

The Group's 1Q 2014 "share of associate's result" was S\$1.8 million loss as compared to 1Q 2013's S\$27k profit. This was mainly due to share of IMAS associates' results of approximately S\$1.8 million loss in 1Q 2014.

Excluding IMAS's results and interest cost relating to the IMAS acquisition, the Group registered net loss of S\$2.8 million as compared to 1Q 2013's S\$3.3 million. With the consolidation of interest expense of S\$4.8 million and IMAS's contributions of S\$4.7 million, the enlarged Group's net loss for the 1Q 2014 was S\$2.9 million as compared to 1Q 2013's S\$3.3 million.

Balance Sheet

The Group's property, plant and equipment was higher than FY2013's and was mainly due to cost relating to deployment of passenger car showrooms and service centers in Indonesia.

The Group's cash and bank balances as at 31 Mar 2014 were S\$180.4 million, representing S\$12.0 million increase from FY2013's S\$168.4 million. The increase was mainly due to refinancing of its existing borrowings. The Group's loans and borrowings and debt securities as at 31 Mar 2014 was S\$2.3 billion. Excluding IMAS, the Group's loans and borrowings and debt securities was S\$837.5 million as compared to FY2013's S\$820.6 million and the increase was mainly due to borrowings to refinance the IMAS acquisition. Of the total debt of S\$2.3 billion, S\$730.4 million relates to IMAS' financial services business.

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 and utilities business are recovering from last global crisis while businesses remain challenging and electricity consumption maintain at historical low. With increasing labour cost, foreign currency volatilities and potential surcharge on natural gas purchases, the Industrial Parks' and Utilities' margin will be impacted. The Group remains cautious of weakening Indonesian Rupiah, potentially higher interest rate and generally slowing down in manufacturing activities. However, the

Group is hopeful of more land sales with completion of Phase 1 of the Lagoi Bay Development and positive contributions from IMAS' recent launch of Low Cost Green Cars.

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 2014.

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 2014 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
SALES		
PT Alam Indah Bintang Sales		(697)
PT Straits CM Village Sales		(705)
PT Wolfsburg Auto Indonesia Sales		(231)
PT Indofood Sukses Makmur Sales		(200)
CONVERTIBLE BOND		
PT Alam Indah Bintang Interest income	(586)	

BY THE ORDER OF THE BOARD

CHOO KOK KIONG
COMPANY SECRETARY
2 May 2014

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 2014 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: 2 May 2014