GALLANT VENTURE

PURSUING INTEGRATION
BUILDING VALUES

2015
ANNUAL REPORT

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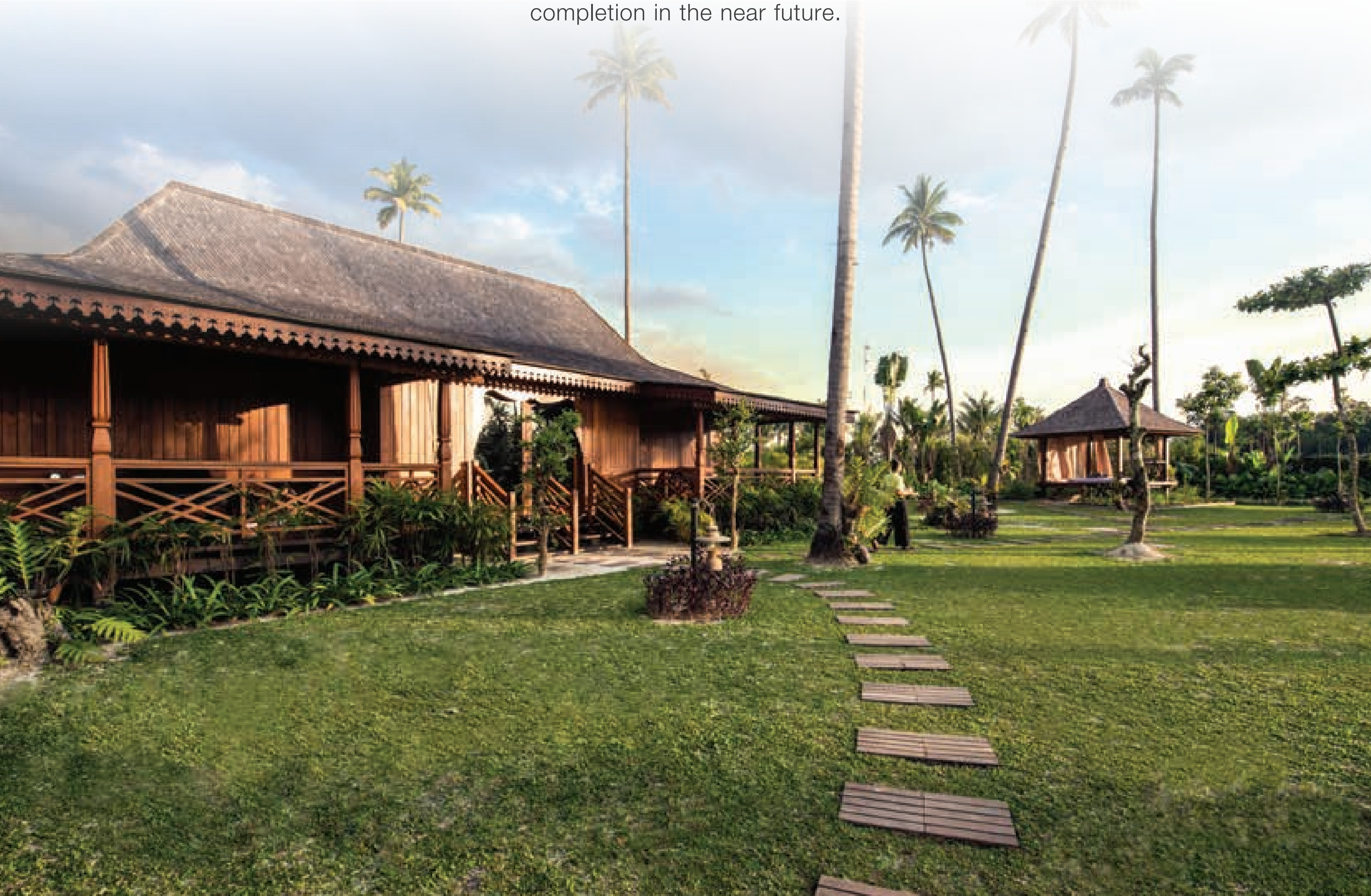
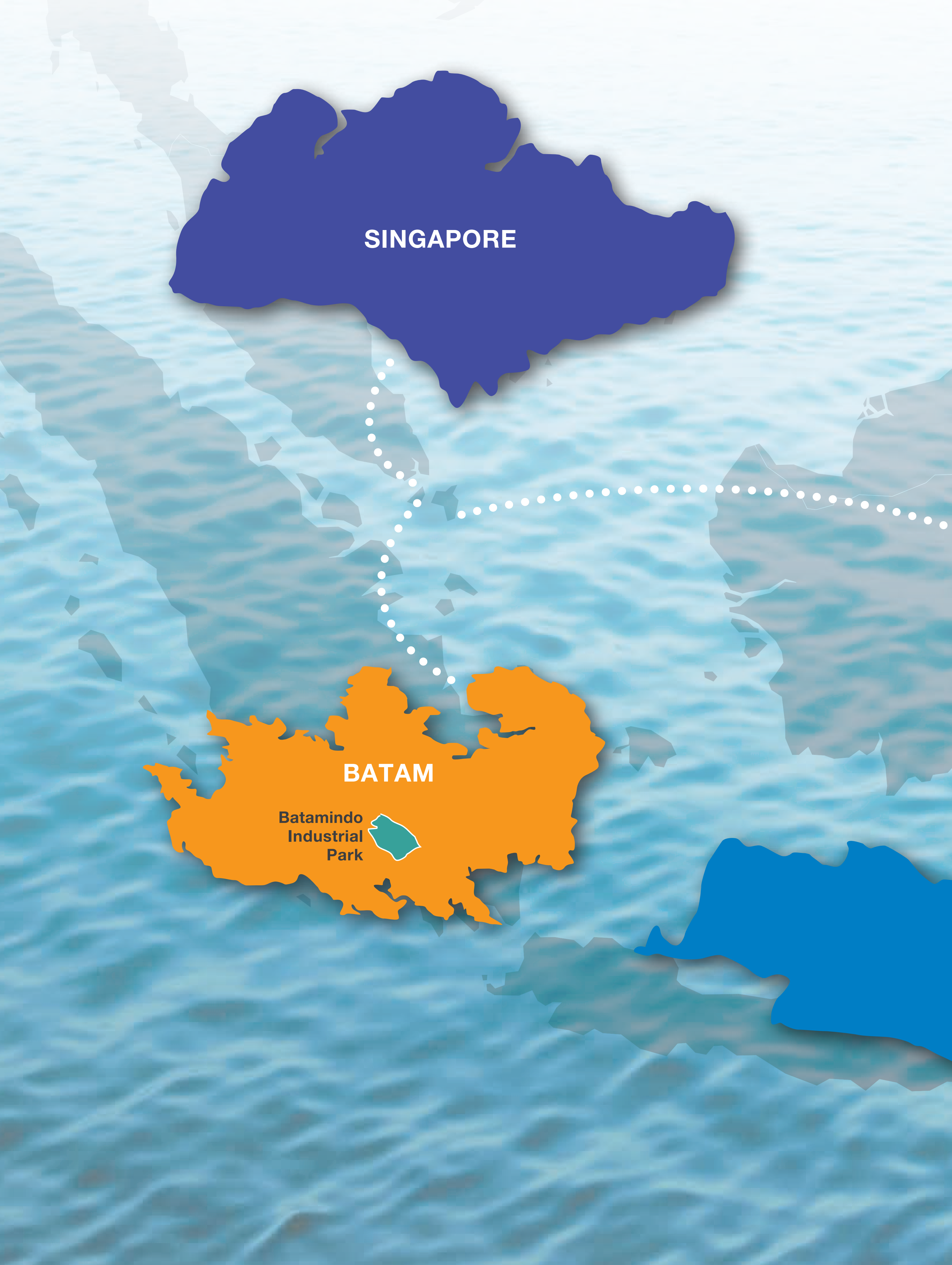
OUR PROFILE

Gallant Venture Ltd is an Indonesia focused investment holding company headquartered in Singapore. We are an integrated automotive group with coverage across Indonesia and master planner for industrial parks and resorts in Batam and Bintan.

Since our establishment in the 1990s, we have been an important innovator in four key business segments – utilities, industrial parks, resort operations and property development. Our businesses are well-positioned to leverage on the strategic proximity of Singapore and the strategic alliance between the Singapore and Indonesia governments.

Our landmark development projects include the Batamindo Industrial Park, the Bintan Industrial Estate and Bintan Resorts, with more prime developments in the pipeline slated for completion in the near future.

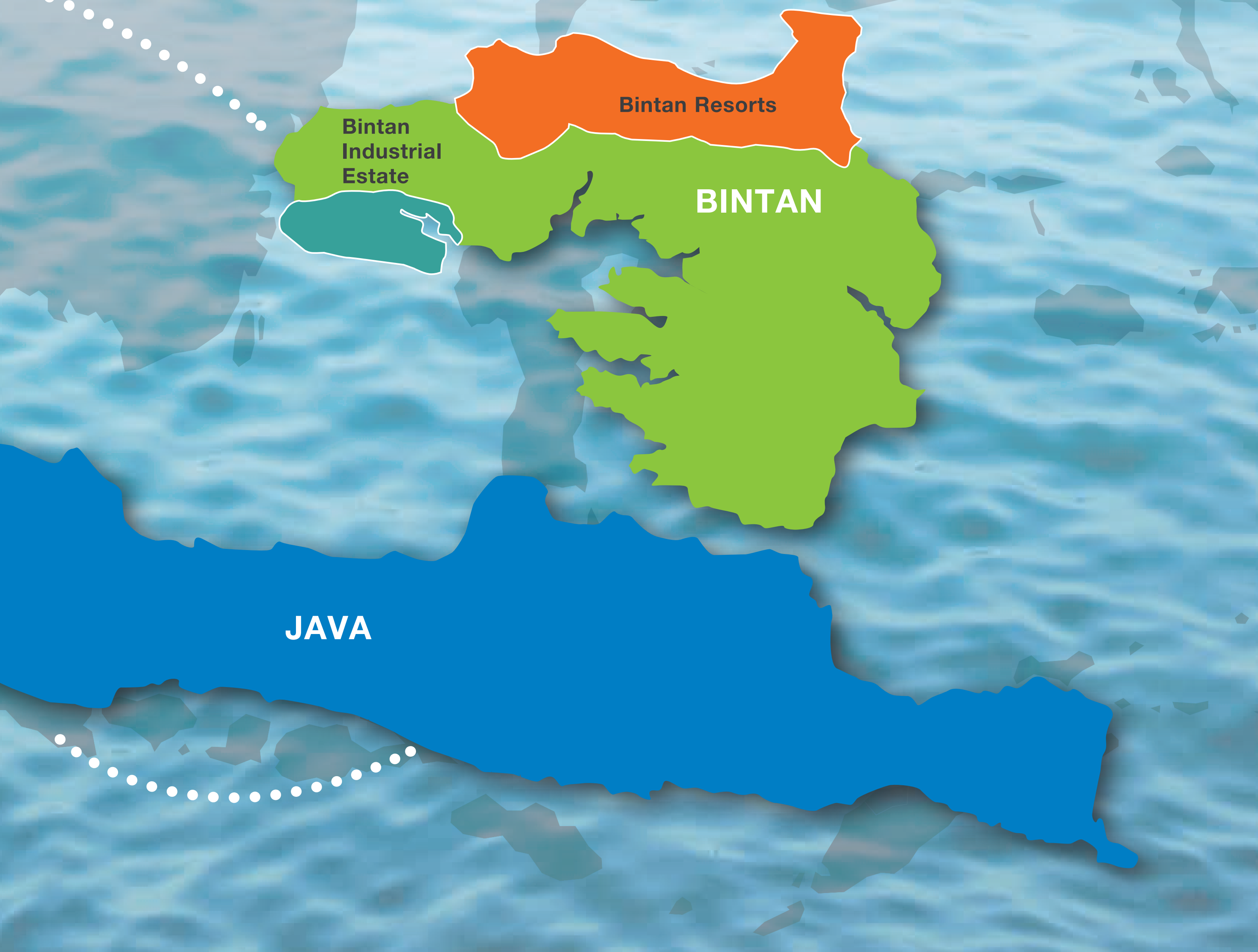



SINGAPORE
BATAM
Batamindo
Industrial
Park

OUR PRESENCE

GALLANT VENTURE LTD is headquartered in Singapore which aims to maximise shareholders' value. Its strategy is to build a diversified Indonesia focused portfolio. Its investments in Batam and Bintan, located just across the Singapore Straits, leverage on strategic alliance between Singapore and Indonesia governments. With well planned co-development of the region, we are pleased to witness the transformation of both islands from a fishing village into an industrial and resorts island having a combined population of around 1.8 million.

With vision and perseverance, we have successfully developed Batam and Bintan into an investment and tourist destination offering integrated businesses and services such as industrial parks, utilities, property development, and resort operations. Continuously expanding our product offering, Lagoi Bay Development is our latest integrated project with resorts/hotels, commercial activities and residential plots in Bintan. Progressive completion of the Lagoi Bay project will bring our Bintan Resorts to new heights and significantly enhance the business prospects on the island. On a separate note, the Group has successfully integrated with its newly acquired automotive arm – PT Indomobil Sukses Internasional Tbk ("IMAS"). IMAS is the second largest integrated automotive groups in Indonesia, managing brands such as Nissan, Hino, Volvo, Volkswagen, Renault Trucks and so on. With IMAS, the Group has deepened its roots into Indonesia and diversified the Group's portfolio from a single location-focused business to a country-focused investment holding company.

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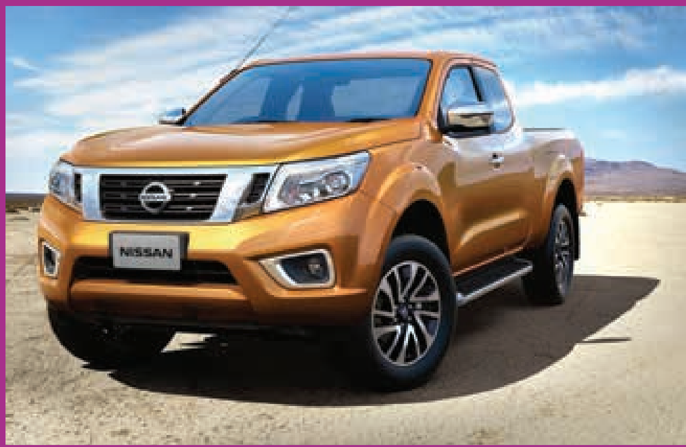
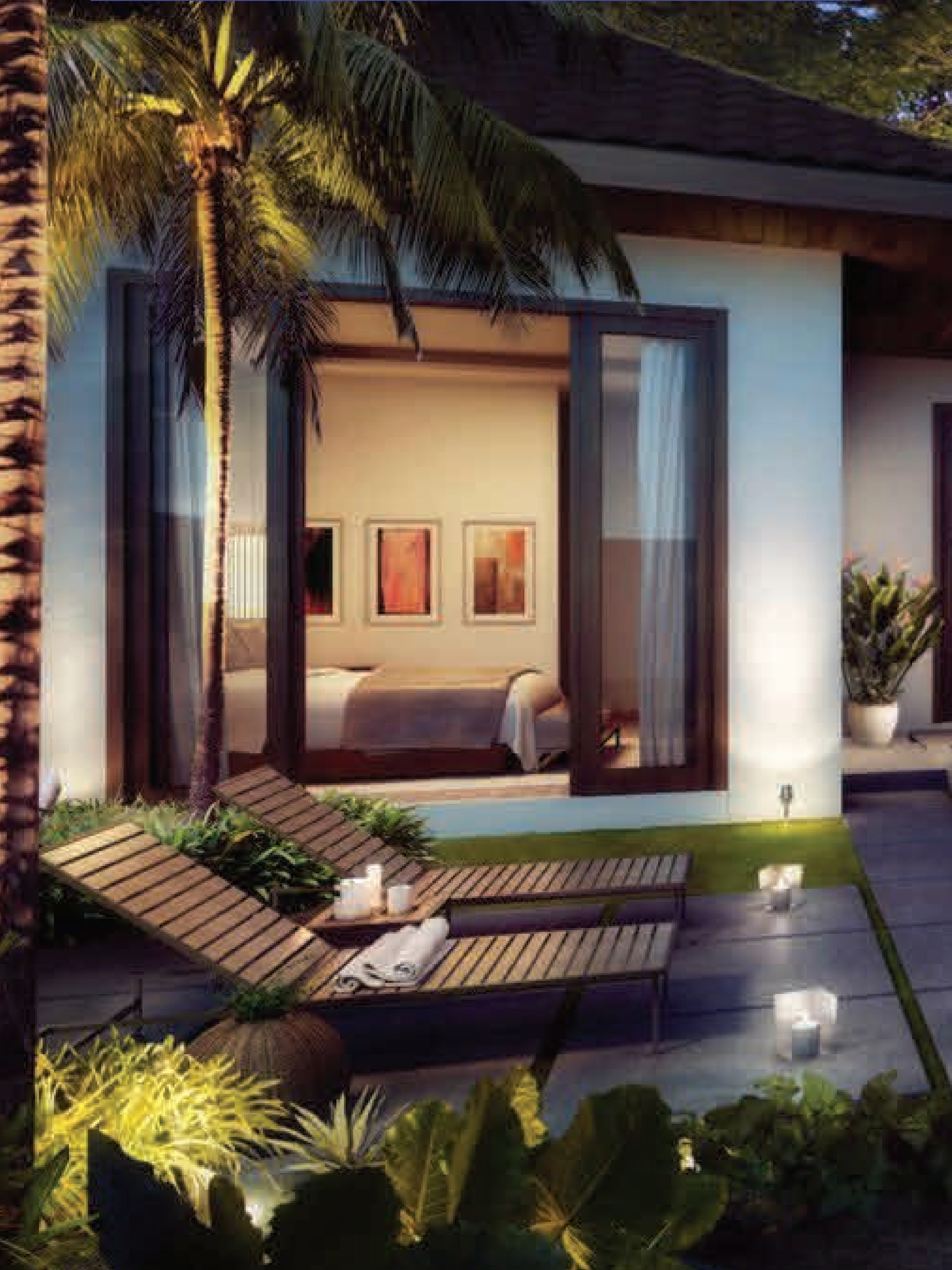
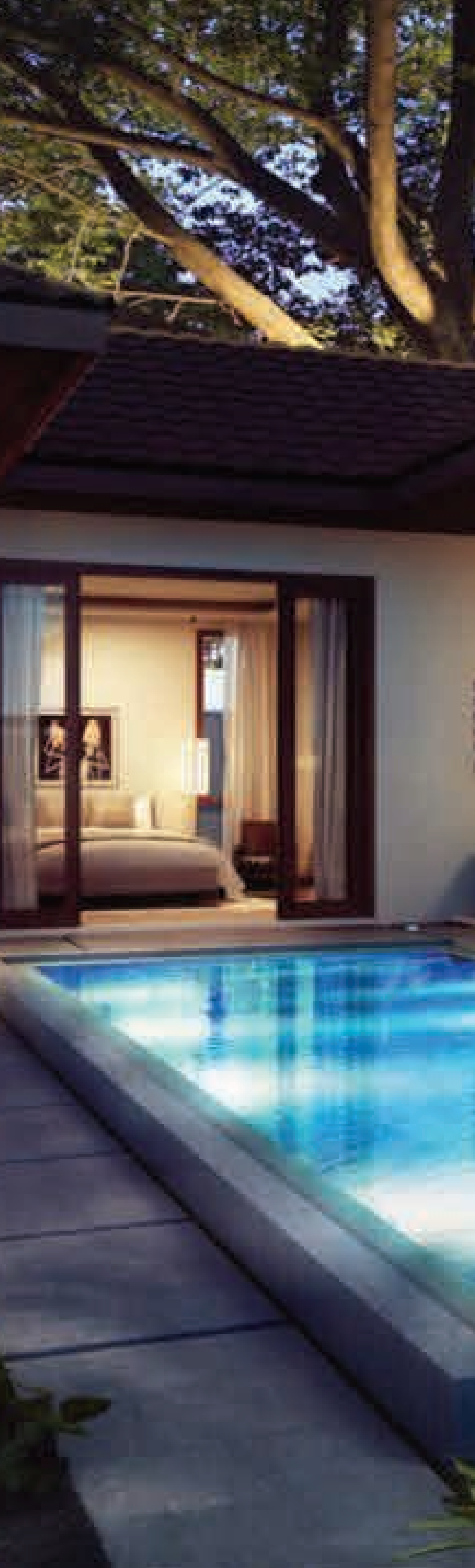


Gallant Venture's Automotive business includes assembly and distribution of passenger vehicles, vehicle and equipment financing services, distribution of trucks and heavy equipment and supply of parts and vehicle services.

IMAS is the second largest integrated automotive business in Indonesia. Its primary business line covers sole agencies, vehicle sales distribution, after-sales service, vehicle ownership financing, spare parts distribution under the "IndoParts" brand, vehicle assembly, automotive parts/components manufacturing and other related supporting services. IMAS manages well-known international brands such as Audi, Foton, Hino, Kalmar, Manitou, Nissan, Renault, Renault Trucks, Suzuki, Volkswagen, Volvo, Volvo Trucks, and Mack Trucks and has well-distributed sales and after-sales branch networks to capture higher sales penetration across Indonesia.



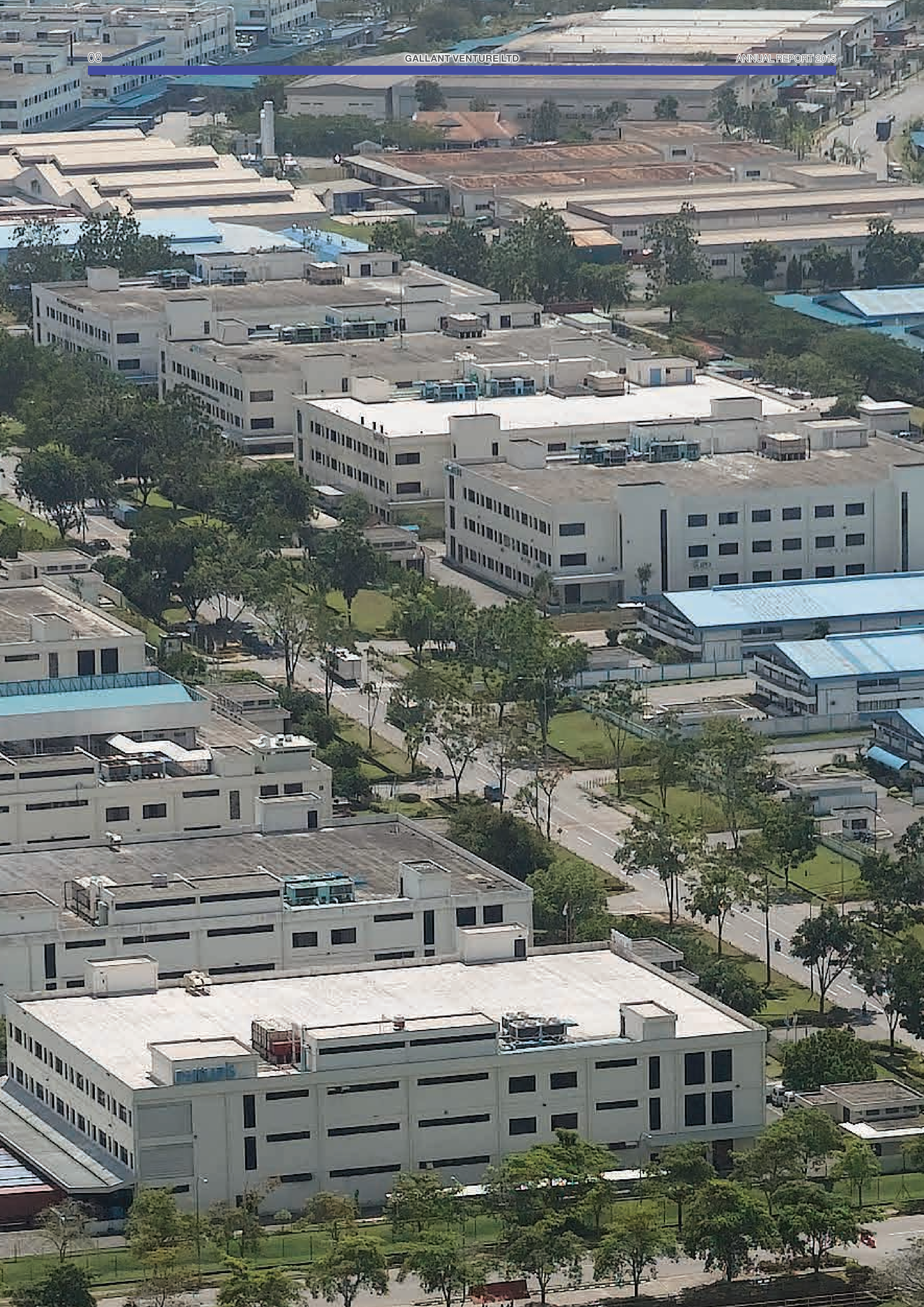


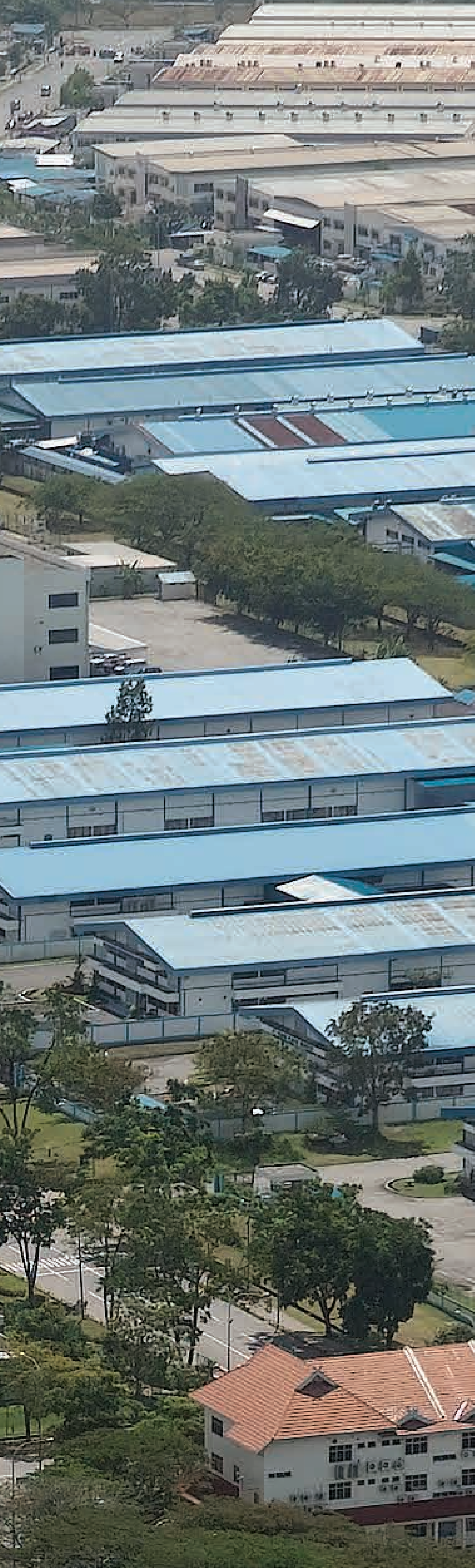
PROPERTY
DEVELOPMENT

Gallant Venture is the master planner and infrastructure provider in Batam and Bintan. It master planned land parcels for industrial, commercial, residential and resort projects on the Group's land banks in Bintan of approximately 18,000 hectares.

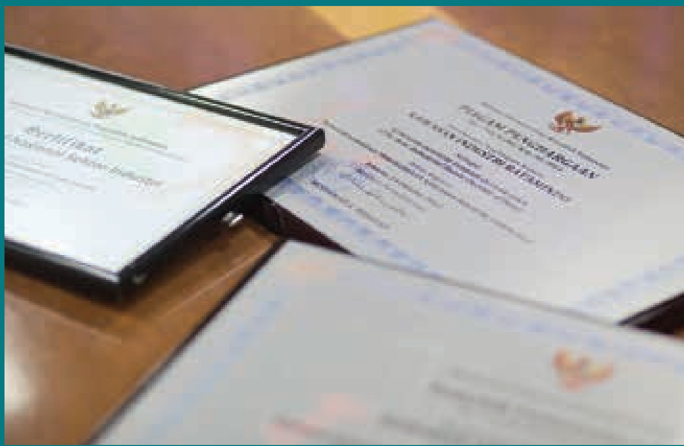
Located in Northern Bintan, Lagoi Bay Development is earmarked as an integrated resort project. Measuring approximately 1,300 hectares, its features when completed will include resorts, residential sites, shopping malls, restaurants, entertainment, and sea-sport facilities. Some of the investors of Lagoi Bay include the world's leading resorts such as Alila Villas, The Sanchaya, Grand Lagoi Swiss-Belhotel, and Treasure Bay.

On completion of Phase 1, it will add over 150 new businesses, 10 new hotel properties, condominiums and housing compounds, contributing more than 3,000 keys to Bintan Resorts' current 1,500 key count.



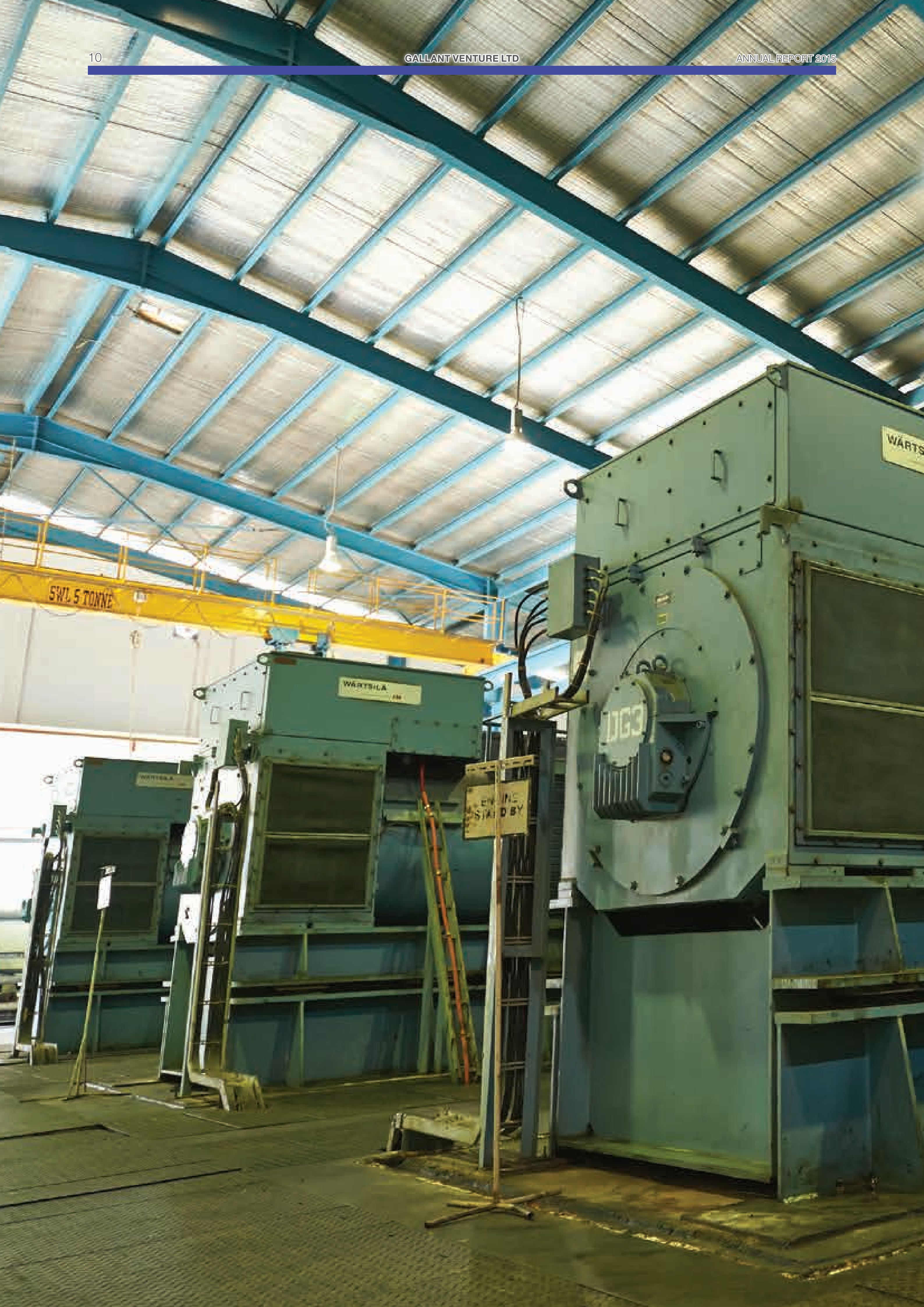


INDUSTRIAL **PARKS**



Gallant Venture owns and manages the Batamindo Industrial Park in Batam and the Bintan Industrial Estate in Bintan. We offer the convenience of one-stop manufacturing environment with ready access to Singapore's financial, infrastructure and logistics network. Our activities include the development of the industrial parks, sales or lease of prepared industrial land as well as the provision of ready-built factories and dormitory.

These parks encompass net lettable area of 550,000 sqm in Batamindo Industrial Park and 100,000 sqm in Bintan Industrial Estate. Our industrial parks are designed with flexible layouts and ease of set-up. Separate areas are broadly designed for offices, productions, as well as loading and unloading of goods. To meet the needs of our investors and tenants, whom may require specifications unique to their operations, the factories may be customised so to achieve operational efficiency and effectiveness. Our Batamindo Industrial Park is the first industrial park in the Asia-Pacific to be certified ISO 9001:2000 and ISO 14001, hallmarks of manufacturing site that is efficient, cost effective and environmentally friendly.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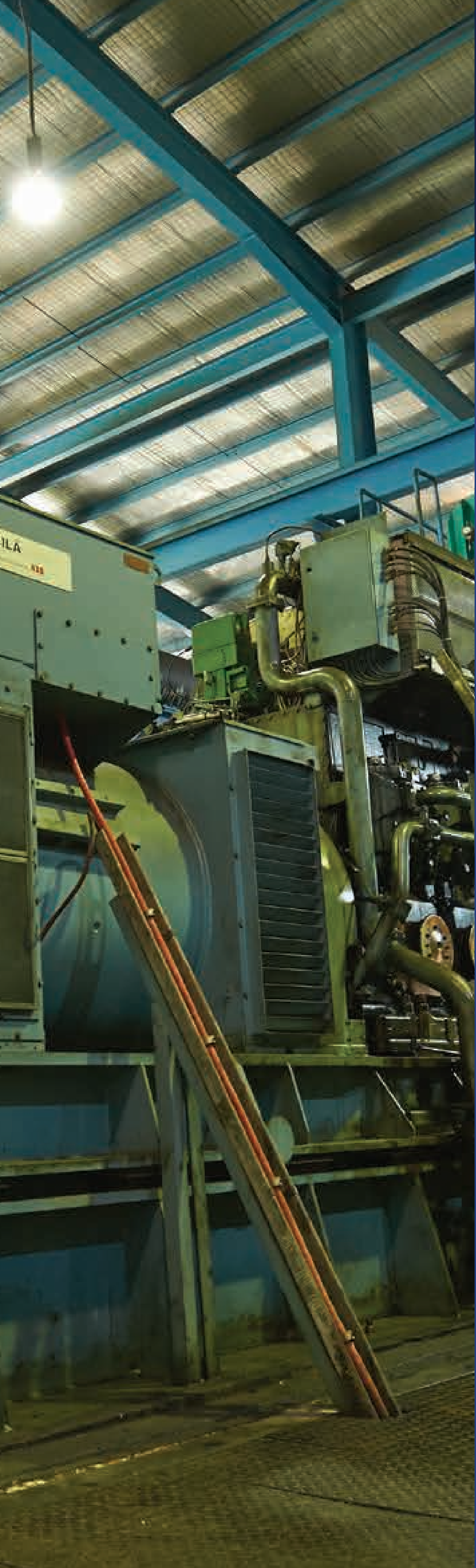


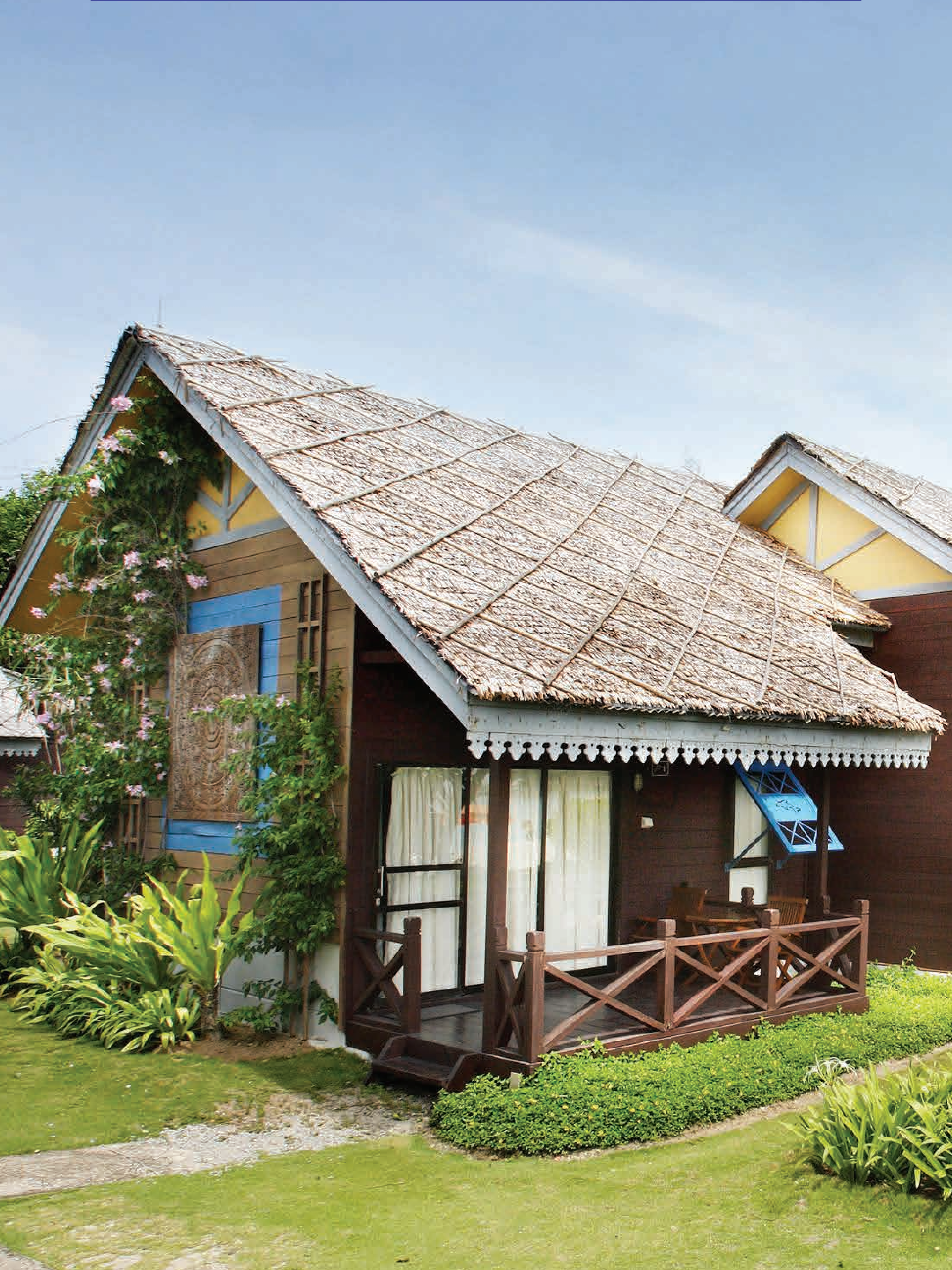
UTILITIES

Gallant Venture, a private provider of utilities in Batam and Bintan, provides electricity, telecommunications, water and waste management services to its Industrial Parks' and Resorts' customers. The Group has invested approximately S$435 million in the construction and development of utilities infrastructure and resources including power generation and distribution facilities, portable water treatment facilities, sewage treatment plants and waste water treatment facilities and landfills.

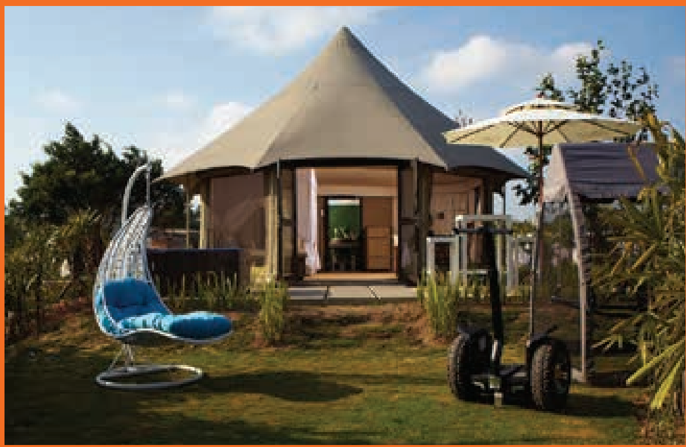
Our facilities include 19 dual-fired generators at Batamindo Industrial Park, 6 generators at Bintan Industrial Estate, and 4 generators at Bintan Resorts. The installed capacities of our generators are 130MW, 20MW, and 24MW respectively.

In order to cope with any potential increase in electricity consumption and provide steady power supply to its customers, we cater approximately 30% of our installed capacity as standby reserve.

In addition, we maintain a strategic fuel reserve so to ensure continuously and uninterrupted power generation even in the event of disruption in fuel supply.



RESORT
OPERATIONS



Gallant Venture provides overall support facilities and services to resorts located in Bintan. We undertake the overall planning, development, operations and marketing of Bintan Resorts and provide services to the hotels and resorts located within Bintan Resorts that include ferry services and ferry terminal operations, tour operations, property rental, workers' accommodation, medical support and estate and township maintenance such as road maintenance and drainage as well as operation of a 24-hour crisis centre.

Bintan Resorts continue to be a popular tropical resort destination with Singapore residents and International travellers, famed for its pristine beaches and gorgeous scenery. With the opening of new hotels and shopping malls in Lagoi Bay in 2015, we expect an increase in tourist arrivals to Bintan Resorts.

LETTER TO SHAREHOLDERS

DEAR FELLOW SHAREHOLDERS,

2015 was a difficult year for our company. The most important story must be the continued weakness in the Indonesia economy and its knock on effects to our Automotive businesses. Combined with poor land sales this year in Bintan, our numbers are not pleasant to see or oversee.

The Indonesia economy continued its hangover from the commodities crash. In addition, the inability of the government to compromise with the opposition, reduced the expected impact of government infrastructure spending on the economy. Finally, the increased cost of living from inflation and currency depreciation has significantly reduced domestic consumption, which had been keeping the Indonesia economy bubbling along over the last few years.

Looking forward, while the commodities markets may not recover soon, we do see the government becoming more adept at compromise, and therefore releasing more spending into the economy in 2016. In addition, we see consumers getting over the shock of a weak currency, and starting to spend again.

Although our debt levels are high, they are still manageable, and we have been able to benefit from a continuing low interest rate environment. Therefore we remain fully committed to our long term strategy and will continue to implement it in the face of these down times, albeit, perhaps at a slightly slower pace, until our results are better or we have reduced our debt levels, or both.

AUTOMOTIVE

Our reported results from Automotive differ from the results published by our listed subsidiary IMAS primarily because of differing accounting policies. Our company has always carried investment assets including land banks at our historical acquisition cost, without revaluation. This year IMAS had a S$52 million gain from asset revaluation, which to keep consistency with our Singapore accounting policies, we needed to reverse at the Group level.

We believe in the long term strategic benefit of being in the automotive business in Indonesia. The evolution of the motor vehicle market is still in its infancy, with a ratio of 8 motorcycles to 1 car, and only around one car per every 23 people. New tax laws and lower interest rates have reduced the monthly cost of owning a car to around twice that of a motorcycle, which will stimulate migration from two wheeled to four wheeled vehicles. If migration from two wheeled to four wheeled progresses at a very slow rate of 3% per year, it implies around 2.4 million car sales per year, compared to today's 1 million car sales.

LETTER TO SHAREHOLDERS

IMAS, as the second largest distributor of automobiles in Indonesia, with over 110 owned dealerships, will capture a significant portion of this trend. In addition, IMAS' investments in the finance and service businesses as well as new initiatives in logistics will also provide significant growth drivers to our investment.

UTILITIES

The electricity business in Indonesia is also still in growth mode, with an additional 15,000MW required to fill current demand. Our current capacity of 174MW makes us a relatively small player, but the strategic location of our assets in Bintan and Batam provides our business with a strong foundation. Our Utilities business benefitted from increased demand as a result of the new developments in Bintan Resorts and from lower fuel costs, although lower demand from our Industrial Parks' tenants partially offset that. We are working hard to improve our cost structure to become more efficient and profitable, including the construction of a new 30MW in anticipation of additional demand from Bintan Resorts developments as well as to replace some of our old and costly heavy fuel facilities in Bintan. Our water business is operating below optimum levels, but we still believe owning water assets in our strategic locations in Bintan and Batam is a very good long term investment. We are looking at new ways to optimise those investments in the next few years.

INDUSTRIAL PARKS

Our Industrial Parks business is in the second year of its makeover, and the progress is encouraging. As basic low value manufacturing in Indonesia faces increasing competition from India and Vietnam, we have been reorienting our parks to move up the value chain. Our excellent logistics connection to Singapore as well as the low turnover rate of our Indonesian workers works well for training intensive higher value added manufacturing. We will continue to pursue this refocusing, and believe that the new aviation park located adjacent to our airport will become a leader of this movement in Indonesia. We expect to attract aviation business not only from the rapidly growing domestic market, but also to extend our lower land and labour costs to complement the significant aviation market expertise in Singapore.

PROPERTY DEVELOPMENT

Although the numbers reported from our Property Development business this year are not good, the physical results on the ground are quite impressive. With three new hotels opened in 2015 and a large number more scheduled for 2016 and 2017, Lagoi Bay has been transformed, and we are proud of this accomplishment. Interest remains high, and we are confident that we will be able to report significant land sales transactions in 2016 regardless of the weakness of the domestic economy. In addition we are starting to see the symbiotic benefits of our Property Development business in increased revenues in our Utilities and our Resort Operations businesses.

RESORT OPERATIONS

Results from our ferry business and Bintan Resorts business improved on the back of the opening of the new hotels in Lagoi Bay. This helped our Resort Operations business to improve its results in 2015. With additional new hotels coming on-stream in 2016 and 2017, we are expecting to see continued improvement in these businesses going forward.

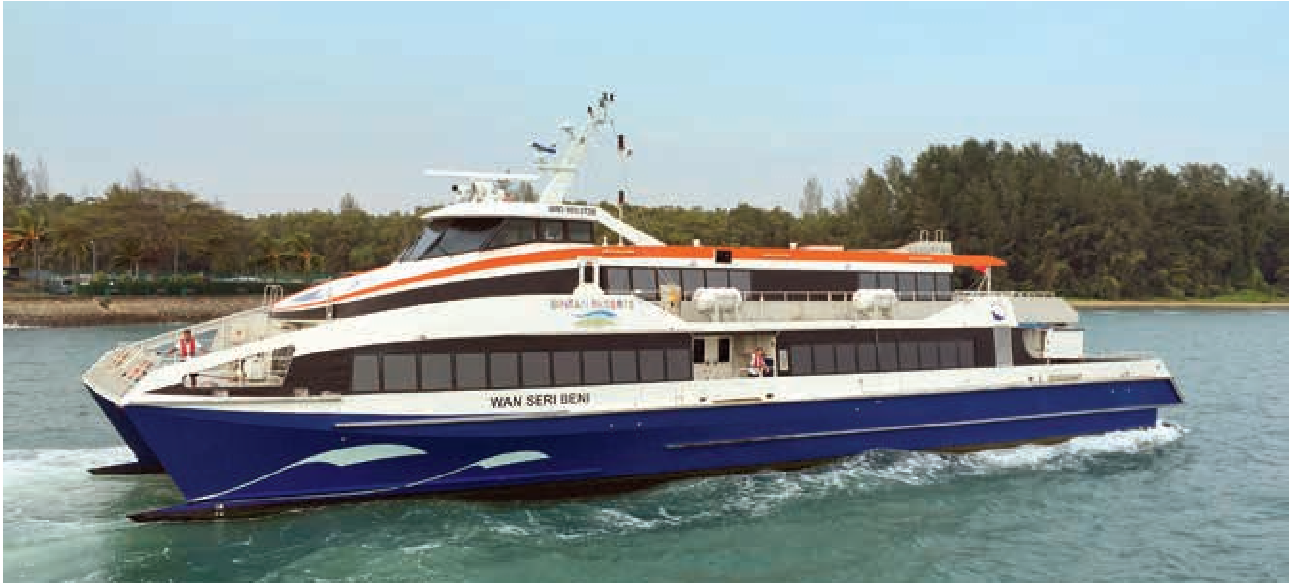
Our company has reported its worst ever results. However, we believe we are well placed to benefit from a recovery in the Indonesia economy. We continue to strongly believe in our long term strategy, and hope that you will continue to support our company into a brighter 2016 and onwards.

Sincerely,

MR LIM HOCK SAN
Non-Executive Chairman
Independent Director

MR EUGENE PARK
Chief Executive Officer
Executive Director

BUSINESS REVIEW



Global economies were severally impacted by volatility in the commodity segment, strengthening US dollar and continued deterioration in the Chinese economy. Year 2015 witnessed the first contraction in global trade post Lehman Crisis, and the marginal recovery in USA barely cushions the shortfall. Indonesia, where the Group operates, was not spared from the repercussions of the global slowdown. Indonesia's economic growth dropped to its lowest point of 4.7%, well below the 6% level required to provide new work force uptake. The weaker Indonesian Rupiah, low commodity prices and sluggish Chinese demand for commodities exacerbated the country's export performance. These conditions have had a detrimental impact on consumer sentiment and their purchasing power, which has affected consumption in most business sectors.

Our businesses were severally impacted by these events. The weakened Rupiah and consumer sentiment have in particular affected our Automotive segment. IMAS financing business, spare parts and services have performed well, but were not able to mitigate substantial losses in the assembly business. Mining equipment related businesses have witnessed a significant slowdown but was substantially compensated by growth in construction and logistic related businesses. Our property development segment ended the year without any significant land sales as compared to S$87.7 million of sales in 2014. Resort land investors are more cautious during this uncertain period and decision making processes are taking longer than usual. The sharp decline in oil price has benefited our Utilities segment and new hotel openings in Lagoi Bay, Bintan have made a significant contribution to our power generation and support services demand.

As a result, the Group reported a net loss of S$107.5 million for the year ended 2015 as compared to previous period's S$7.5 million net profit. The Group is hopeful that the Indonesia government's initiatives to jump start its economy will have positive impact on demand for infrastructure development projects and higher FDIs.

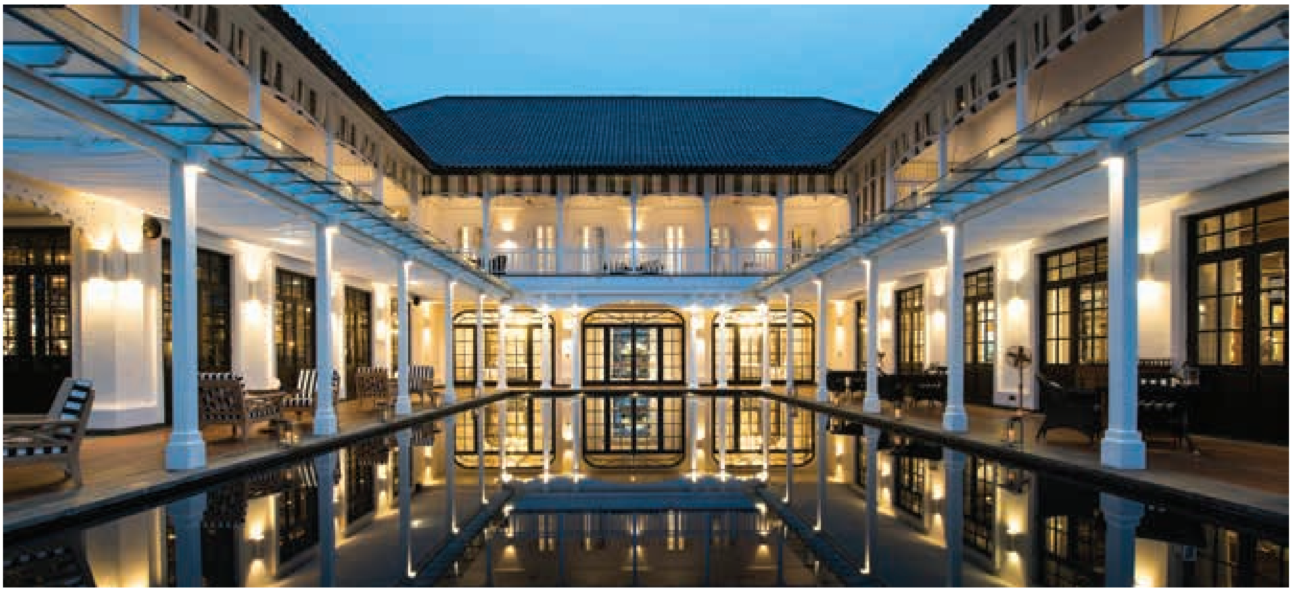
UTILITIES

As our industrial tenants are mostly export oriented, the slowdown in China and weakness in Europe have affected our tenants' production and resulted in lower power demand. Industrial Parks' power consumptions dropped by 2.3% as compared to the previous year, or approximately 20% lower than post Lehman crisis. The Group expects increased demand from resorts operators in Bintan will compensate shortfall from industrial users. In Year 2015, power demand in Bintan Resorts increased by 32.6% due to hotels and resorts new opening in mid-2015. The Group is constructing a new 30 MW power plant to cater for growth in Bintan Resorts and the upcoming Bintan Airport and MRO business.

INDUSTRIAL PARKS

Factory occupancy and rental rate were relatively stable in 2015. Our marketing strategy to re-orientate both industrial parks has paid off. We saw new tenants joining our Parks replacing those "old economy" low technology manufacturers displaced by the crisis. We have diversified our tenant base into e-commerce, renewable energy, innovative products manufacturing, food manufacturing and distribution and water resources. Despite this challenging operating environment, the Group is confident of its strategy to re-orientate its focus and the development of aviation and MRO hub in Bintan to drive our Industrial Parks business.

BUSINESS REVIEW



RESORT OPERATIONS

The opening of The Sanchaya, Swiss-Belhotel Grand Lagoi, The Canopi and Plaza Lagoi Mall marked the re-birth of Bintan Resorts with new attractions and product offerings. Bintan Resorts received half a million visitors in Year 2015, an increase of 15.8% as compared to the previous year, and expect much stronger results with opening of new hotels. With increased room inventory, it opens the island destination with more opportunities in MICE, international / regional sport events and wedding events. Apart from the well known Bintan Triathlon, Tour de Bintan, MetaMan events that will return to Bintan in 2016, Bintan Resorts will host the Rose Wedding in Bintan – a mega theme wedding event organised by the Shanghai's tourism bureau and local government and further raise Bintan's profile. The Group is confident that its ferry and resorts-related support services will continue to ride on strong tourist arrival and benefit from more new hotel openings over next few financial years.

PROPERTY DEVELOPMENT

The slower economy has affected our Property Development business and we experienced longer negotiation time with prospective investors. With the completion of Lagoi Bay Phase 1 development and opening of new hotels, the Group is hopeful that it will attract more investors in Lagoi Bay.

In 2015, we saw the opening of The Sanchaya, Swiss-Belhotel Grand Lagoi and The Canopi together with spectacular 6.3-hectare saltwater Crystal Lagoon. The Sanchaya, a unique collection of 21 villas and 9 suites reflecting the rich culture, history and art of the region offers its guests an exciting Asian mosaic experience. Swiss-Belhotel Grand Lagoi, a 4 star hotel next to Plaza Lagoi Mall, provides a comprehensive array of accommodation and meeting facilities for both business and leisure travelers while The Canopi, a 40 Safari-themed tent suites and Crystal Lagoon for holiday-seekers to immerse themselves in a host of exhilarating adventures activities. The new hotels and attractions have contributed positively to tourist arrivals in second half of 2015.

Between Year 2016 and 2017, we expect more hotel openings which will bring the hotel room count to exceed 3,000 rooms, which opens Bintan Resorts to a wider market. With sizable room count, Bintan Resorts is able to compete and host major events and MICE activities. The following are updates on the various projects in Lagoi Bay Development as at 31 December 2015:

(a) Resort Sites

i. The Haven Bintan Resort

Dubbed as the "Asia's Pride, South of the South China Sea", the project sits on 24 ha land plot and will consists of hotels, convention center, condotels, villas, shops and commercial retails overlooking South China Sea and the Lagoi Bay lake. This project will be over five phases with the first phase to be ready by 2017. The first phase consists of a 26-storey condominium with approximately 300 rooms.

ii. Alila Resorts

The Alila Group is opening Alila Villas Bintan in the first half of 2017. This gated hillside property includes beachfront residences and one- and two-bedroom guest villas. Aside wellness retreat, it will also feature a 4 ha village with boutiques,

BUSINESS REVIEW

an art gallery, cooking school, restaurants and a museum with prized historical batik collections and one of the largest collections of Indonesian ethnic art.

iii. The Heritage Bintan
The Heritage Bintan condotel, suites and service residences, developed by Stareast Organization and managed by Far East Hospitality Trust's Quincy Brand, has laid the foundations for its 218-room property. It is scheduled to be completed in 2017.

iv. Lagoi Bay Villas
This brand new hotel consists of 21 villas consisting of one, two and three-bedroom and is scheduled to open progressively from 1st half of 2016.

v. "Oldest active Passenger Ship" Doulos Phos
After extensive restoration works, this historical important ship has finally rested on its new permanent home in Bintan, adjacent to our ferry terminal. This ship is currently undergoing interior refurbishment. Upon completion, it boosts with 100 room keys, a maritime museum, swimming pool, library, spa, piano lounge and an amphitheater.

(b) Lagoi Bay Village

The Plaza Lagoi Mall, a two-storey mall with 60 stores spread over 1,000 sqm of retail space, the center piece of Lagoi Bay Development was officially opened by Indonesia's Vice President Jusuf Kalla on 31 May 2015.

Shops offering Indonesia gifts, cultural artefacts, clothes, bars, restaurants and recreational activities opened progressively from mid-2015. This mall offers visitors a feel of local culture and a place to meet and relax, wrapped around with recreational activities.

Veteran Singapore entertainers Chris Henson and Mark Van Cuylenberg aka "The Flying Dutchman" have also jumped on the bandwagon with the opening of Flyboyz- restaurant, retro bar and Cuban open sky lounge at Lagoi Bay, Bintan. This added buzz and

BUSINESS REVIEW

bustle brightened up Lagoi Bay and became the must go place.

(c) Residential Sites

99 out of its 139 one and two-bedroom Pantai Indah collections, Bintan's first seaside residential estate, are about to complete. The villas will be managed by a leading global hotel and residence management group and is expected to start operation in 2Q 2016. The villas are sold to investors with lease back option providing returns from the investment.

AUTOMOTIVE

New passenger car sales in Indonesia saw 16% decline from 1,208,028 vehicles in 2014 to 1,013,291 vehicles in 2015, which was the lowest in four years. This was due to slow down in Indonesia economy and have impacted consumers' spending. Apart from lower vehicle sales, weakened Rupiah has resulted in higher cost on importation of spare parts and higher interest rates have increased the company's cost of fund significantly. In addition, volatility in the commodity segment has affected mining companies in Indonesia and operators are deferring their capital expenditure, which constitute as substantial part of the Group's heaving equipment sales.

Consequentially, IMAS' vehicles sales dropped 7.8% from 62,846 vehicles in 2014 to 57,945 vehicles in 2015, or 11.4% decline in revenue. Heavy duty truck and equipment dropped 19.0% from 8,764 in 2014 to 7,100 in 2015, or 19.2% decline in revenue. Coupled with higher operating costs, IMAS reported a net loss after tax of S$2.3 million which included investment properties fair value gain of S$52.3 million. Without this fair value gain, IMAS would have reported a net loss after tax of S$54.6 million.

Looking forward, the Group is optimistic on Indonesia automobile industry as it has per-capita car ownership of less than 4%. With the Indonesia government targeting growth rate of 5.3% in 2016 and plans to intensify infrastructure development, these would contribute positively to the automobile industry. In addition, IMAS' flagship model, Nissan, is expected to launch new models, which will have positive contribution to vehicle sales.

The Group is confident that IMAS is able to deal with the challenges ahead and is able to execute its strategies of:-

- Improving existing businesses' efficiency, effectiveness and productivity; and
- Expanding into logistic business so to tap into the increased demand in this sector's logistics.

LAO XI MEN

The project has officially launched the residential component of the mixed-use development under the project name, "Fuxing Royale". The project has started selling units in Phase 1 (i.e. Tower A) and expected to launch Phase 2 sales in 4Q 2016. Depending on the Phase 3 development, which is bigger than Phase 1 and 2 combined, the entire project is expected to complete after Year 2018.

GOING FORWARD

While the Indonesia economy is expected to fare better this year, it is still much affected by slowdown in China and stands to see the spillovers from the continued economic slowdown in China and significantly weakened Rupiah. The Group has implemented plans with focus on:

(a) Drive operating efficiency across business units to reduce costs;

(b) Accelerate land sales in Bintan;

(c) Diversification of fuel sources so to improve utilities' margin;

(d) Reduce gearing through disposal of non-core assets; and

(e) Expand IMAS' businesses particularly on the logistic business.

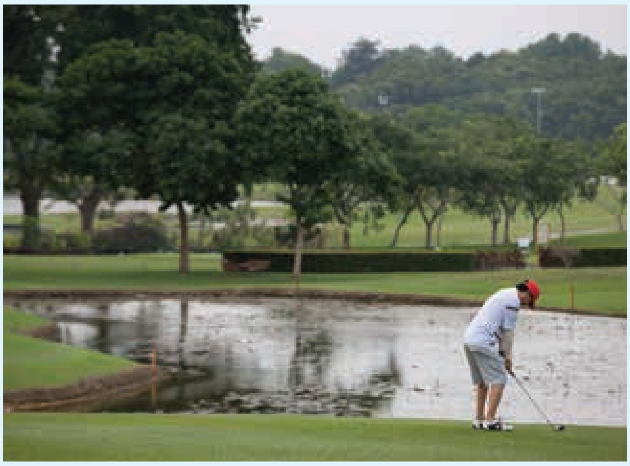
FINANCIAL REVIEW

The Group's FY2015 performance was impacted by poorer than expected performance in the Automotive and Property Development segments, which were affected by slowdown in Indonesia economy and weakened consumer sentiment. Group revenue dropped 12.8% from FY2014's S$2,328.3 million to S$2,028.1 million in FY2015. Revenues from Automotive and Property Development segment declined by S$209.4 million and S$87.6 million respectively.

The Group's EBITDA was S$140.4 million as compared to S$250.3 million in FY2014. Contributions from our five business segments were S$38.6 million (FY2014: S$34.0 million) from Utilities, S$20.2 million (FY2014: S$20.3 million) from Industrial Parks, S$2.9 million (FY2014: S$3.2 million) from Resort Operations, S$(9.9) million (FY2014: S$67.9 million) from Property Development and S$89.8 million (FY2014: S$127.6 million) from Automotive. The negative EBITDA of the Property Development was mainly due to lack of resort land sales.

The Group reported a net loss attributable to shareholders of S$107.5 million as compared to a profit of S$7.5 million in the preceding year. This was mainly due to losses in IMAS' associates, significantly lower vehicle sales, lower heavy duty truck and equipment business, significantly lower resort land sales, operating cost inflation and increased finance costs.

Basic and diluted net loss for the period under review was 2.23 cents per share. The Group's Net Asset Value ("NAV") per share as at 31 December 2015 was 35.19 cents.

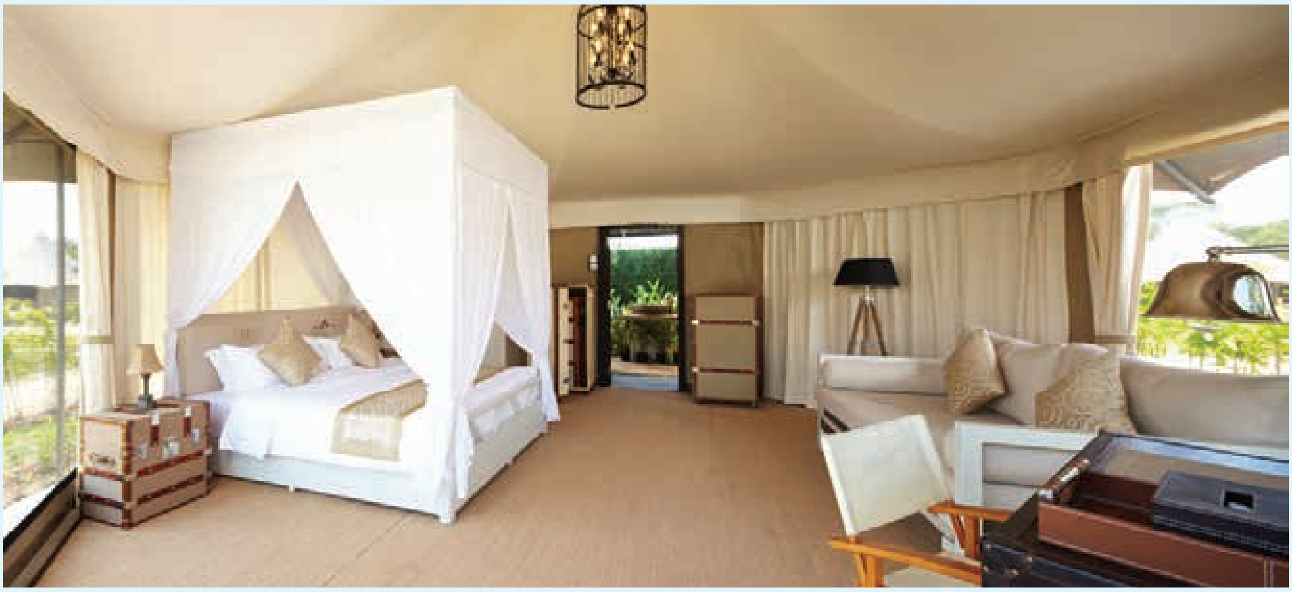


UTILITIES

Our Utilities segment reported slightly lower revenue of S$104.8 million as compared to FY2014's S$105.8 million. Power consumption from the industrial parks tenants declined by 2.3% as their production was much affected by the slowdown in the China and regional economies. However, this was partially compensated by higher consumption in Bintan Resorts, with an increase of 32.6% due to opening of new hotels and commercial complexes. Coupled with lower fuel costs, profit improved from S$14.4 million in FY2014 to S$19.6 million in FY2015.

INDUSTRIAL PARKS

Factory occupancy rate and rental yields were relatively stable and the Group achieved progress in attracting new manufacturing clusters into our Parks. Revenue for the year was S$37.5 million as compared to S$39.6 million in FY 2014. Lower revenue was mainly due to lower revenue from



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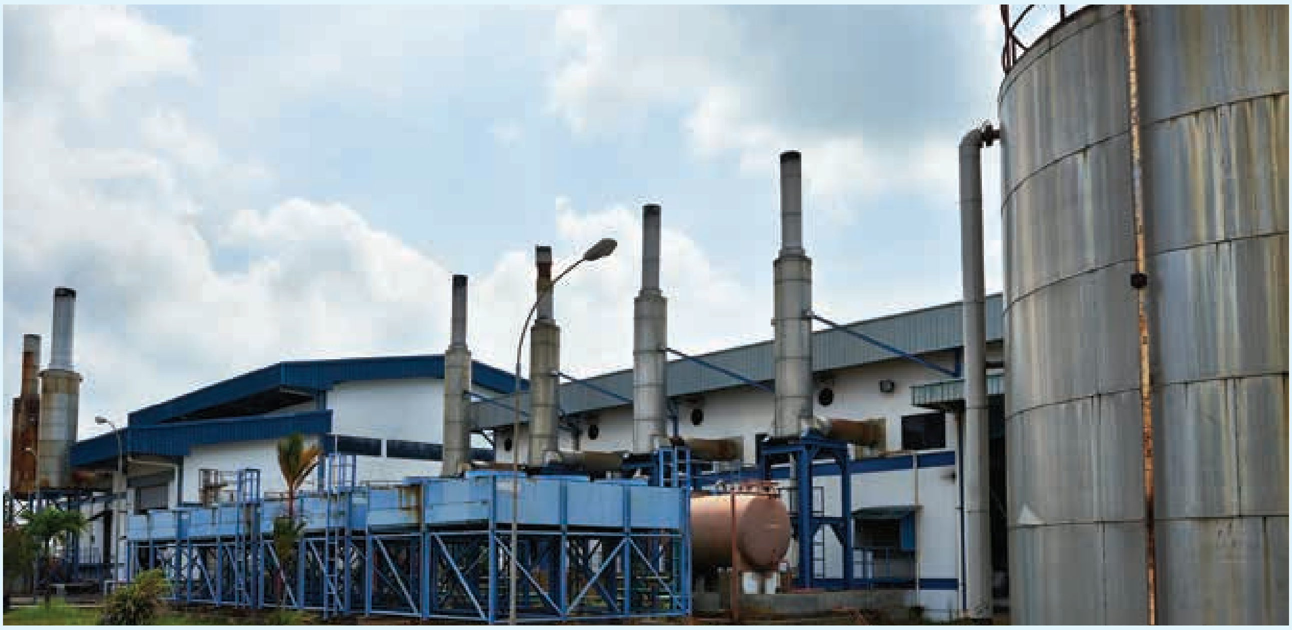


dormitories and supporting services provided to the tenants. The Industrial Parks' performance improved marginally from loss of S$10.8 million in FY 2014 to S$10.7 million in FY 2015.

RESORT OPERATIONS

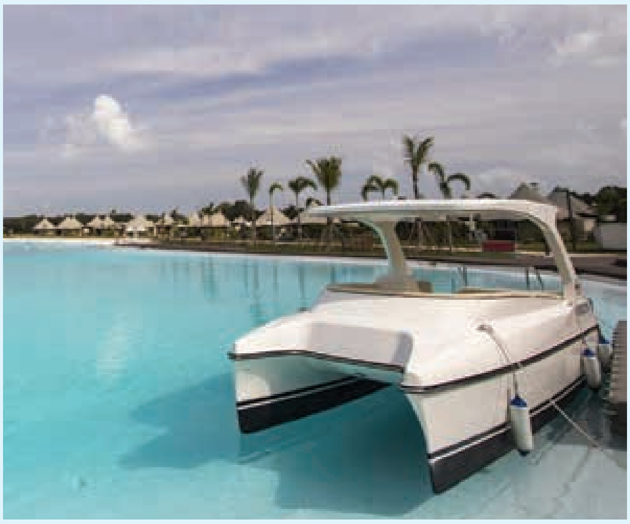
The opening of The Sanchaya, Swiss-Belhotel Grand Lagoi, The Canopi and Plaza Lagoi Mall marked the re-birth of Bintan Resorts with new attractions and product offerings. Bintan Resorts received half a million visitors in Year 2015, an increase of 15.8% as compared to the previous year, and look forward to even stronger results with upcoming opening of new hotels. Resorts Operations performance improved from net loss of S$6.0 million in FY2014 to net loss of S$5.2 million in FY2015. The Group is confident that with the additional new hotels scheduled to open in 2016 and 2017, we will continue to see positive contributions to this segment.

PROPERTY DEVELOPMENT

Our Property Development segment ended the year without any significant recognition of resorts land sales, with recorded land sales in 2015 of S$54k as compared to S$87.7 million in FY2014. Despite the poor performance, the Group is hopeful that with the successful opening of new hotels and Lagoi Bay, more investors will be attracted to this island destination.

AUTOMOTIVE

IMAS' performance is closely intertwined with the Indonesia economy and took a beating from the economic slowdown, poor consumer sentiment and sluggish mining sector. IMAS reported lower revenue of S$1,864.6 million in FY2015 as compared to S$2,074.0 million in FY2014. In Rupiah terms, revenue dropped by 7.0%, however due to the depreciation of Rupiah against Singapore dollar during the year, revenue dropped 10.1% in S$ terms. For the full year, IMAS reported a net loss of S$2.3 million as compared to 2014's net loss of S$9.0 million. The better performance was mainly due to recognition of S$52.3 million of investment properties fair value gain. However, to be consistent with the Group level accounting policies of recording investment properties on a cost basis, in our Group reporting we reversed the fair value gain. The Group remains hopeful that IMAS will recover with its expansion strategies, cost saving initiatives and better Indonesia economic outlook in 2016.



GROUP STRUCTURE

SUBSIDIARIES		
Entities	Effective percentage of ownership	Domicile
PT Batamindo Investment Cakrawala	100%	Batam
PT Bintan Inti Industrial Estate	100%	Bintan
Bintan Resorts International Pte Ltd	100%	Singapore
PT Buana Megawisatama	100%	Jakarta
BU Holdings Pte Ltd	100%	Singapore
PT Taman Indah	100%	Bintan
PT Surya Bangunpertiwi	100%	Jakarta
Lagoi Dreams Limited	100%	British Virgin Islands
Verizon Resorts Limited	100%	Malaysia
Batamindo Investment (S) Ltd	100%	Singapore
PT Suakajaya Indowahana	100%	Jakarta
Bintan Power Pte Ltd	100%	Singapore
Golf View Limited	100%	Seychelles
Treasure Home Ltd	100%	British Virgin Islands
PT Batam Bintan Telekomunikasi	95%	Batam
Bintan Resort Ferries Pte Ltd	90.74%	Singapore
PT Bintan Aviation Investments	90%	Bintan
PT Bintan Resort Cakrawala	86.77%	Bintan
PT Batamindo Executive Village	60%	Batam
PT Auto Euro Indonesia	71.49%	Jakarta
PT Central Sole Agency	71.49%	Jakarta
PT IMG Bina Trada	71.49%	Jakarta
PT Indomobil Trada Nasional	71.49%	Jakarta
PT Indomobil Wahana Trada	71.49%	Jakarta
PT Multicentral Aryaguna	71.49%	Jakarta
PT Wahana Indo Trada	71.49%	Jakarta
PT Wahana Prima Trada Tangerang	71.49%	Tangerang
PT Wahana Wirawan	71.49%	Jakarta
PT Wahana Wirawan Manado	71.49%	Manado
PT Wahana Wirawan Palembang	71.49%	Palembang
PT Indomobil Multi Trada	71.48%	Jakarta
PT Indomurayama Press & Dies Industries	71.48%	Bekasi
PT Wahana Inti Central Mobilindo	71.48%	Jakarta
PT Wahana Inti Selaras	71.48%	Jakarta
PT IMG Sejahtera Langgeng	71.48%	Jakarta
PT National Assemblers	71.41%	Jakarta
PT Wangsa Indra Permana	71.33%	Jakarta
PT Garuda Mataram Motor	71.27%	Jakarta
PT Indomobil Prima Niaga	68.99%	Jakarta
PT Unicor Prima Motor	68.97%	Jakarta
PT Rodamas Makmur Motor	64.34%	Batam
PT CSM Corporatama	64.06%	Jakarta
PT Duta Indi Jasa	64.06%	Jakarta
PT Indomobil Bintan Corpora	64.06%	Bintan
PT Indomobil Finance Indonesia	64.06%	Jakarta
PT Kharisma Muda	64.06%	Jakarta
PT Wahana Indo Trada Mobilindo	64.06%	Jakarta
PT Indomobil Multi Jasa Tbk	64.06%	Jakarta
PT Indobuana Autoraya	61.37%	Jakarta
PT Marvia Multi Trada	57.18%	Tangerang
PT Indo Traktor Utama	53.61%	Jakarta
PT Indotruck Utama	53.61%	Jakarta
PT Wahana Senjaya Jakarta	50.47%	Jakarta
PT Data Arts Experience	46.46%	Jakarta
PT Eka Dharma Jaya Sakti	42.89%	Jakarta
PT Prima Sarana Gemilang	42.89%	Jakarta
PT Prima Sarana Mustika	42.89%	Jakarta
PT Wahana Niaga Lombok	39.32%	Lombok

GROUP STRUCTURE

SUBSIDIARIES		
Entities	Effective percentage of ownership	Domicile
PT Indomobil Summit Logistics	38.44%	Jakarta
PT Lippo Indorent	38.43%	Jakarta
PT Indomatsumoto Press & Dies Industries	36.46%	Bekasi
PT United Indo Surabaya	36.46%	Surabaya
PT Wahana Adidaya Kudus	36.46%	Kudus
PT Wahana Inti Nusa Pontianak	36.46%	Pontianak
PT Wahana Investasindo Salatiga	36.46%	Salatiga
PT Wahana Jaya Indah Jambi	36.46%	Jambi
PT Wahana Jaya Tasikmalaya	36.46%	Tasikmalaya
PT Wahana Lestari Balikpapan	36.46%	Balikpapan
PT Wahana Megahputra Makassar	36.46%	Makasar
PT Wahana Meta Riau	36.46%	Riau
PT Wahana Persada Jakarta	36.46%	Bogor
PT Wahana Rejeki Mobilindo Cirebon	36.46%	Cirebon
PT Wahana Sumber Baru Yogya	36.46%	Yogyakarta
PT Wahana Sumber Lestari Samarinda	36.46%	Samarinda
PT Wahana Sumber Mobil Yogya	36.46%	Yogyakarta
PT Wahana Sumber Trada Tangerang	36.46%	Tangerang
PT Autobacs Indomobil Indonesia	36.45%	Tangerang
PT Furukawa Indomobil Battery Sales	36.45%	Karawang
PT Indo Auto Care	36.45%	Jakarta
PT Indo Global Traktor	36.45%	Jakarta
PT Indomobil Sugiron Energi	36.45%	Jakarta
PT Kyokuto Indomobil Distributor Indonesia	36.45%	Jakarta
PT Makmur Karsa Mulia	36.45%	Jakarta
PT Indosentosa Trada	36.10%	Bandung
PT Wahana Delta Prima Banjarmasin	36.10%	Banjarmasin
PT Wahana Persada Lampung	36.10%	Lampung
PT Wahana Sun Hutama Bandung	36.10%	Bandung
PT Wahana Sun Motor Semarang	36.10%	Semarang
PT Wahana Sun Solo	36.10%	Solo
PT Wahana Trans Lestari Medan	36.10%	Medan
PT Indotama Maju Sejahtera	35.75%	Jakarta
PT Wahana Sugi Terra	35.75%	Jakarta
PT Indomobil Cahaya Prima	35.17%	Lombok Barat
PT Indomobil Sumber Baru	34.83%	Semarang
PT Indomobil Sompo Japan	31.30%	Jakarta

ASSOCIATES		
Entities	Effective percentage of ownership	Domicile
Batamindo Carriers Pte Ltd	36%	Singapore
PT Soxal Batamindo	30%	Batam
PT Indo Citra Sugiron	35.74%	Jakarta
PT Indo Trada Sugiron	35.74%	Jakarta
PT Indo VDO Instrument	35.74%	Bekasi
PT Furukawa Indomobil Battery Manufacturing	35.03%	Purwakarta
PT Kyokuto Indomobil Manufacturing Indonesia	35.03%	Cikampek
PT Car & Cars Indonesia	32.03%	Jakarta
PT Hino Motors Sales Indonesia	28.60%	Jakarta
PT Hino Finance Indonesia	25.62%	Jakarta
PT Indo Masa Sentosa	21.45%	Jakarta
PT Mitsuba Automotive Parts Indonesia	17.87%	Purwakarta
PT Nissan Motor Distributor Indonesia	17.87%	Jakarta
PT Nissan Motor Indonesia	17.87%	Jakarta
PT Shinhan Indo Finance	17.56%	Jakarta
PT Nissan Financial Services Indonesia	16.01%	Jakarta
PT Sumi Indo Wiring Systems	14.66%	Jakarta
PT Vantec Indomobil Logistics	14.29%	Jakarta

FINANCIAL HIGHLIGHTS

	FY2015	FY2014 Restated
INCOME STATEMENTS (IN S$ MILLION)		
Revenues	**2,028.1**	2,328.3
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	**140.4**	250.3
Earnings Before Interest and Tax (EBIT)	**14.4**	127.5
Earnings After Tax Attributable to Shareholders	**(107.5)**	7.5
SEGMENTAL REVENUE (IN S$ MILLION)		
Utilities	**104.8**	105.8
Industrial Parks	**37.5**	39.6
Resorts	**21.1**	21.2
Property Developments	**0.1**	87.7
Automotives	**1,864.6**	2,074.0
EBITDA BY SEGMENT (IN S$ MILLION)		
Utilities	**38.6**	34.0
Industrial Parks	**20.2**	20.3
Resorts	**2.9**	3.2
Property Developments	**(9.9)**	67.9
Automotives	**89.8**	127.6
Corporate	**(1.2)**	(2.7)
STATEMENT OF FINANCIAL POSITION (IN S$ MILLION)		
Cash and Cash Equivalents	**201.9**	161.3
Investment Properties	**183.9**	164.7
Land and Other Inventories	**928.7**	976.3
Trade, Other Receivables and Financing Receivables	**1,330.1**	1,312.5
Total Assets	**4,956.1**	5,025.8
Total Borrowings	**2,383.5**	2,240.2
Shareholders' Equity	**1,697.8**	1,823.1
CASH FLOW (IN S$ MILLION)		
Net Cash generated from Operating Activities	**68.2**	79.7
Net Cash used in Investing Activities	**(119.9)**	(150.2)
Net Cash generated from Financing Activities	**94.5**	60.8
Net increase/(decrease) in Cash and Cash equivalents	**42.8**	(9.7)
FINANCIAL RATIOS		
Current Ratio	**1.3**	1.5
Debt-to-Equity Ratio (Gross Debt)	**140.4%**	122.9%
Debt-to-Equity Ratio (Net Debt)	**128.5%**	114.0%
EBITDA Margin	**6.9%**	10.8%
Return on Equity	**-6.33%**	0.41%
Return on Assets	**-2.17%**	0.15%
STOCK INFORMATION (IN S$ EXCEPT AS INDICATED)		
Stock Price – Year-end	**0.22**	0.25
Market Capitalisation as at 31 December (S$' billion)	**1.037**	1.206
NAV per Share (cents)	**35.19**	37.78
(Loss)/Earnings per Share – basic (cents)	**(2.229)**	0.156
(Loss)/Earnings per Share – diluted (cents)	**(2.229)**	0.148

BOARD OF DIRECTORS

MR LIM HOCK SAN

Non-Executive Chairman and Independent Director
Date of last election: 30 April 2013
Board Committee: Chairman, Audit Committee
Chairman, Remuneration Committee
Member, Nominating Committee

Mr Lim was appointed as a Non-Executive Chairman and Independent Director on 1 February 2006.

Mr Lim is presently the President and Chief Executive Officer of United Industrial Corporation Limited. He has a Bachelor of Accountancy from the University of Singapore and a Master of Science (Management) from Massachusetts Institute of Technology. Mr Lim also attended the Advanced Management Programme at Harvard Business School. He is a Fellow of The Chartered Institute of Management Accountants (UK) and a Fellow and past President of the Institute of Singapore Chartered Accountants. He is also a recipient of the Singapore Government Meritorious Service Medal, the Public Administration Medal (Gold) and the Public Service Medal.

Current directorship in other companies listed on Singapore stock exchange

- United Industrial Corporation Ltd
- Indofood Agri Resources Ltd
- Interra Resources Ltd

MR EUGENE CHO PARK

Executive Director and Chief Executive Officer
Date of last election: 30 April 2014
Board Committee: Nil

Mr Park was appointed as an Executive Director and Chief Executive Director on 1 February 2006.

Responsible for the overall management of the Company, Mr Park is a co-founder of Parallax Capital Management Group. He has also spent more than 15 years as an investment banker with Credit Suisse First Boston in London, Chase Manhattan Asia Ltd in Hong Kong and Banque Paribas in Singapore. He received a Bachelor of Arts (Chemistry) from Princeton University in the United States of America and a Master of Business Administration from INSEAD in France.

MR GIANTO GUNARA

Executive Director
Date of last election: 28 April 2015
Board Committee: Nil

Mr Gunara was appointed as an Executive Director on 8 November 2006.

Mr Gunara is currently Director of Business Operations at Bintan Resorts International Pte Ltd and Vice-President of PT Batamindo Executive Village. He also holds directorships in various companies including Nirwana Pte Ltd, PT Bintan Resort Cakrawala, Bintan Resort Ferries Pte Ltd, PT Ria Bintan, PT Straits CM Village, PT Bintan Inti Industrial Estate, Verizon Resorts Limited, BU Holdings Pte Ltd, Lagoi Dreams Limited, PT Taman Indah, Batamindo Investment (S) Ltd and Bintan Power Pte Ltd. Mr Gunara is also non-executive director of QAF Limited. He has more than 25 years of industry experience having worked with Haagtechno BV – Den Bosch in Holland, Hagemeyer NV, PT Indomarco Nusatrada, Indomarco International and Kangaroo Industries in Los Angeles as well as PT Indoleather Swakarsa. Mr Gunara holds a Bachelor in Business Administration degree from Simon Fraser University, Vancouver Canada.

Current directorship in other company listed on Singapore stock exchange

- QAF Ltd

MR JUSAK KERTOWIDJOJO

Executive Director
Board Committee: Nil

Mr Kertowidjojo was appointed as an Executive Director on 30 April 2014.

Mr Kertowidjojo is the President Director of IMAS. Mr Kertowidjojo was first appointed as the Vice President Director II of IMAS in June 2005 and as its President Director and Chief Executive Officer in June 2011. He also currently serves as a director in a number of IMAS' subsidiaries. He started his professional career with the IMAS Group in 1982. Mr Kertowidjojo obtained a Bachelor's Degree in Economics and Accounting from the Parahyangan University in Bandung in 1982.

BOARD OF DIRECTORS

MR CHOO KOK KIONG

Executive Director
Board Committee: Nil

Mr Choo was appointed as an Executive Director on 30 April 2014.

Mr Choo is the Group Chief Financial Officer overseeing corporate services. Prior to joining the company, he held various management positions in the Sembcorp group. He has over 20 years of finance experience, having held the positions of Vice-President of Finance at Sembcorp Parks Management and Sembcorp Parks Holdings Ltd (now known as Sembcorp Development Ltd), Assistant Vice-President of Finance at Sembcorp Industries Ltd and Accounts Manager with Singapore Precision Industries Pte Ltd. Mr Choo was appointed as a non-executive director of QAF Limited.

He holds a Master in Business Administration from the University of Wales (UK)/Manchester Business School (UK). He had also qualifications from Chartered Institute of Management Accountants (CIMA, UK) and Association of Chartered Certified Accountants (ACCA, UK).

Current directorship in other company listed on Singapore stock exchange

– QAF Ltd

DR TAN CHIN NAM

Non-Executive Director
Date of last election: 28 April 2015
Board Committee: Nil

Dr Tan was appointed as a Non-Executive Director on 25 May 2009.

Dr Tan is currently a senior corporate adviser holding directorships in various boards including Yeo Hiap Seng Ltd and Raffles Education Corporation Ltd. He is also Chairman of the Temasek Management Services Pte Ltd and Global Fusion Capital Pte Ltd. He is a senior adviser of the Salim Group, ZANA Capital Pte Ltd, and Litmus Group Pte Ltd. He is a trustee of Bankinter Foundation of Innovation (Spain), a Principal Member of Green Finance Corporation and member of The Centre for Liveable Cities Advisory Board. Dr Tan had 33 years of service in the Singapore Civil Service holding various key appointments before completing his term as a Permanent Secretary at the end of 2007. Dr Tan has held leadership roles in various Singapore government ministries and statutory boards such as the Ministry of Defence, National Computer Board, Economic Development Board, Singapore Tourism Board, Ministry of Manpower, National Library Board and Ministry of Information, Communications and the Arts.

Dr Tan holds degrees in industrial engineering and economics from the University of Newcastle, Australia and an MBA from University of Bradford, UK as well as two honorary doctorates from both universities. He attended Advanced Management Programme at Harvard Business School and is an Eisenhower Fellow. He was awarded four Public Administration Medals by the Government of Singapore and was conferred the Eminent Alumnus Award.

Current directorship in other companies listed on Singapore stock exchange

– Yeo Hiap Seng Ltd
– Raffles Education Corporation Ltd

AXTON SALIM

Non-Executive Director
Board Committee: Nil

Mr Axton was appointed as a Non-Executive Director on 30 April 2014.

Mr Axton was first appointed as Director of PT Indofood Sukses Makmur Tbk based on the resolution of the AGM in 2009 and re-elected in 2012. He is concurrently Director of PT Indofood CBP Sukses Makmur Tbk, where he heads the Dairy Division; Director of Pacsari Pte Ltd and Indofood Asahi Sukses Beverage; Non-Executive Director of Indofood Agri Resources Ltd; Vice President Director I of PT Indolakto; and Commissioner of PT Salim Ivomas Pratama Tbk, PT London Sumatra Indonesia Tbk and PT Nestle Indofood Citarasa Indonesia. He also serves as Global Co-chair of Scaling Up Nutrition (SUN) Business Network Advisory Group. He holds a Bachelor of Science in Business Administration from University of Colorado, USA.

Current directorship in other company listed on Singapore stock exchange

– Indofood Agri Resources Ltd

BOARD OF DIRECTORS

MR FOO KO HING

Independent Director
Date of last election: 28 April 2015
Board Committee: Member, Audit Committee
Member, Nominating Committee
Member, Remuneration Committee

Mr Foo was appointed as an Independent Director on 8 December 2004.

After leaving Price Waterhouse Coopers in 1986, Mr Foo joined The Hongkong and Shanghai Banking Corporation Limited ("HSBC") group in the Trust and Fiduciary Business in Singapore. He was later seconded to HSBC Bank Jersey C.I in 1989 and was subsequently promoted to Executive Director, covering fiduciary activities, private banking, compliance and investment functions. He returned to Singapore in 1991 and resumed responsibilities with the HSBC Investment Bank Group for Private Banking and Trust Services as an Executive Director and Head of Business Development. Mr Foo is also a co-founder and Director of Cerealtech Pte Ltd, a food technology company specialising in enzyme application and micro ingredient development for the industrial baking sector. He is also currently the Independent Director of Amara Holdings Ltd. He has over 15 years of experience in investment origination, structuring, monitoring and strategic growth assistance, with emphasis on the private equity investment and capital markets. He has previously served on the boards of various companies in various sectors listed on the SGX-ST. He holds a BA Honours Degree in Economics and Accounting from University of Newcastle Upon Tyne, United Kingdom.

Current directorship in other company listed on Singapore stock exchange

– Amara Holdings Ltd

RIVAIE RACHMAN

Independent Director
Date of last election: 28 April 2015
Board Committee: Chairman, Nominating Committee
Member, Audit Committee
Member, Remuneration Committee

Mr Rachman was appointed as an Independent Director on 8 December 2004.

Mr Rachman is presently the Independent Director of Riau Development Bank and Surya Dumai Palmoil Plantation & Industry Group in Indonesia. He was also the Vice Governor of Riau Province from 1994 to 1999, Head of Riau Economic Planning Board for ten years, Head of Riau Investment Coordination Board for six years and President Director of Riau Development Bank from 1965 to 1968.

KEY EXECUTIVES

Certain information on the business and working experience of the Group's key executives is set out below:

MR EUGENE CHO PARK

Responsible for the overall management of the Company, Mr Park is a co-founder of Parallax Capital Management Group. He has also spent more than 15 years as an investment banker with Credit Suisse First Boston in London, Chase Manhattan Asia Ltd in Hong Kong and Banque Paribas in Singapore. He received a Bachelor of Arts (Chemistry) from Princeton University in the United States of America and a Master of Business Administration from INSEAD in France.

MR JUSAK KERTOWIDJOJO

Mr Kertowidjojo is the President Director of IMAS. Mr Kertowidjojo was first appointed as the Vice President Director II of IMAS in June 2005 and as the President Director and Chief Executive Officer in June 2011. Currently he also serves as a director in a number of IMAS' subsidiaries. He started his professional career with the IMAS Group in 1982. Mr. Kertowidjojo obtained a Bachelor's Degree in Economics and Accounting from the Parahyangan University in Bandung in 1982.

MR GIANTO GUNARA

Mr Gunara is currently Director of Business Operations at Bintan Resorts International Pte Ltd and Vice-President of PT Batamindo Executive Village. He also holds directorships in various companies including Nirwana Pte Ltd, PT Bintan Resort Cakrawala, Bintan Resort Ferries Pte Ltd, PT Ria Bintan, PT Straits CM Village, PT Bintan Inti Industrial Estate, Verizon Resorts Limited, BU Holdings Pte Ltd, Lagoi Dreams Limited, PT Taman Indah, Batamindo Investment (S) Ltd and Bintan Power Pte Ltd. Mr Gunara is also non-executive director of QAF Limited. He has more than 25 years of industry experience having worked with Haagtechno BV – Den Bosch in Holland, Hagemeyer NV, PT Indomarco Nusatrada, Indomarco International and Kangaroo Industries in Los Angeles as well as PT Indoleather Swakarsa. Mr Gunara holds a Bachelor in Business Administration degree from Simon Fraser University, Vancouver Canada.

MR CHOO KOK KIONG

Mr Choo is the Group Chief Financial Officer overseeing corporate services. Mr Choo joined the Group in 2005 after holding various management positions in the Sembcorp group. He has over 20 years of finance experience, having held the positions of Vice-President of Finance at SembPark and Sembcorp Parks Holdings Ltd (now known as Sembcorp Development Ltd), Assistant Vice-President of Finance at Sembcorp Industries and Accounts Manager with Singapore Precision Industries Pte Ltd. Mr Choo is also currently a non-executive director of QAF Limited. He holds a Master in Business Administration from the University of Wales (UK)/Manchester Business School (UK). He had also qualifications from Chartered Institute of Management Accountants (CIMA, UK) and Association of Chartered Certified Accountants (ACCA, UK).

CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER
200303179Z

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

DIRECTORS
LIM HOCK SAN
(Non-Executive Chairman and Independent Director)

EUGENE CHO PARK
(Executive Director and Chief Executive Officer)

GIANTO GUNARA
(Executive Director)

JUSAK KERTOWIDJOJO
(Executive Director)

CHOO KOK KIONG
(Executive Director)

DR TAN CHIN NAM
(Non-Executive Director)

AXTON SALIM
(Non-Executive Director)

FOO KO HING
(Independent Director)

RIVAIE RACHMAN
(Independent Director)

AUDIT COMMITTEE
LIM HOCK SAN (Chairman)
FOO KO HING
RIVAIE RACHMAN

NOMINATING COMMITTEE
RIVAIE RACHMAN (Chairman)
LIM HOCK SAN
FOO KO HING

REMUNERATION COMMITTEE
LIM HOCK SAN (Chairman)
FOO KO HING
RIVAIE RACHMAN

COMPANY SECRETARY
CHOO KOK KIONG

SHARE REGISTRAR
KCK CorpServe Pte. Ltd.
333 North Bridge Road #08-00
KH KEA Building
Singapore 188721

PRINCIPAL BANKERS
United Overseas Bank Limited
PT Bank CIMB Niaga Tbk
CIMB Singapore Branch
Standard Chartered Bank Ltd
DBS Bank Ltd

INDEPENDENT AUDITOR
Foo Kon Tan LLP
Public Accountants and Chartered Accountants
47 Hill Street #05-01
Singapore Chinese Chamber of Commerce & Industry Building
Singapore 179365

Partner-in-charge: ONG SOO ANN
(Since financial year 2013)

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of Gallant Venture Ltd. (the "Company"), is committed to high standards of corporate governance and has adopted the corporate governance practices contained in the 2012 Code of Corporate Governance ("2012 Code") so as to ensure greater transparency and protection of shareholders' interests. This statement outlines the main corporate governance practices that were in place throughout the financial year.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The primary role of the Board is to protect and enhance long-term shareholders' value. It sets the corporate strategies of the Group and ensure that the necessary financial and human resources are in place for the Company to meet its objectives. The Board establishes a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets, supervises the Management and monitors performance of these goals to enhance shareholders' value. The Board is responsible for the overall corporate governance of the Group and considers sustainability issues of policies and procedures.

Regular meetings are held to deliberate the strategic policies of the Company including significant acquisitions and disposals, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results.

The Company's Constitution permits Board meetings to be conducted by way of telephonic or video conference meetings, provided the requisite quorum of majority of the directors is present.

The following table discloses the number of meetings held for Board and Board Committees and the attendance of all Directors for the financial year ended 31 December 2015:–

	Board	Audit Committee	Remuneration Committee	Nominating Committee
Number of meetings held	**4**	**4**	**1**	**1**
Name of Directors	**Number of meetings attended**			
Mr Lim Hock San	4	4	1	1
Mr Eugene Cho Park	4	4*	–	–
Mr Gianto Gunara	3	3*	–	–
Mr Rivaie Rachman	4	4	1	1
Mr Foo Ko Hing	4	4	1	1
Dr Tan Chin Nam	4	4*	–	–
Mr Axton Salim	3	3*	–	–
Mr Jusak Kertowidjojo	1	1*	–	–
Mr Choo Kok Kiong	4	4*	–	–

* Attended the meeting as invitee

STATEMENT OF CORPORATE GOVERNANCE

The Board has formed Board Committees namely the Audit Committee, the Nominating Committee and the Remuneration Committee to assist in carrying out and discharging its duties and responsibilities efficiently and effectively.

These Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each Committee is also constantly reviewed by the Board.

The Nominating Committee held a meeting in February 2016 to recommend to the Board the re-election of Directors for the financial year ended 31 December 2015.

Matters reserved for Board's Approval

Matters specifically reserved to the Board for its approval are:

(a) matters involving a conflict of interest for a substantial shareholder or a director;

(b) strategic policies of the Group;

(c) annual budgets;

(d) material acquisitions and disposal of assets;

(e) corporate or financial restructuring;

(f) share issuances, interim dividends and other returns to shareholders; and

(g) any investment or expenditure which requires Board's approval as set out in the Company's authorisation matrix which sets out the financial authority and approval guidelines for capital expenditure, investments, divestments and borrowings.

Delegation of Authority by the Board

Board Committees, namely the Audit Committee, Nominating Committee, and Remuneration Committee have been constituted to assist the Board in the discharge of specific responsibilities. Principles 4 to 5, 7 to 9, 11 to 13 detailed the activities of the Audit Committee, Nominating Committee and Remuneration Committee respectively.

Orientation, briefings, updates and trainings for Directors

During the financial year reported on, the Directors had received updates on regulatory changes to the Listing Rules, accounting standards and Companies Act. The Chief Executive Officer updates the Board at each Board meeting on business and strategic developments. The management highlights the salient operating issues as well as the risk management considerations for the Group's businesses. Newly appointed directors will be given an orientation program to familiarise themselves with the Company's operations whilst the existing Directors had attended appropriate courses, conferences and seminars.

STATEMENT OF CORPORATE GOVERNANCE

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this Report, the Board of Directors (the "Board") comprises nine members, of whom two are Non-Executive and Non-Independent and three are Independent Directors.

1.	Mr Lim Hock San	Non-Executive Chairman and Independent Director
2.	Mr Eugene Cho Park	Executive Director and Chief Executive Officer
3.	Mr Gianto Gunara	Executive Director
4.	Mr Jusak Kertowidjojo	Executive Director
5.	Mr Choo Kok Kiong	Executive Director
6.	Dr Tan Chin Nam	Non-Executive Director
7.	Mr Axton Salim	Non-Executive Director
8.	Mr Foo Ko Hing	Independent Director
9.	Mr Rivaie Rachman	Independent Director

The criterion for independence is based on the definition given in the Code of Corporate Governance ("Code"). The Code has defined an "Independent" Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the company.

The independence of each Director is reviewed annually by the Nominating Committee, based on the definition of independence as stated in the Code.

The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The composition of the Board will be reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

Key information regarding the Directors is given in the 'Board of Directors' section of the Annual Report.

Particulars of interests of Directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Report of the Annual Report.

Annual Review of Directors' Independence in 2015

All the Independent Directors, Mr Lim Hock San, Mr Foo Ko Hing and Mr Rivaie Rachman have confirmed their independence and they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgment.

STATEMENT OF CORPORATE GOVERNANCE

Mr Lim Hock San, Mr Foo Ko Hing and Mr Rivaie Rachman have served as Directors for more than nine years. The Board deemed that the length of service of a Director should not determine the effectiveness of independence of an Independent Director. In assessing the independence of a Director, the Board considers it more appropriate to have regard to the Director's contribution in terms of professionalism, integrity, objectivity and ability to exercise independence of judgment in his deliberation in the interest of the Company. The Board is of the view that the Independent Directors have over the years developed significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. Mr Lim Hock San, Mr Foo Ko Hing and Mr Rivaie Rachman have confirmed they have no association with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment. After taking into account all these factors, the Board has determined Mr Lim Hock San, Mr Foo Ko Hing and Mr Rivaie Rachman independent. Each of Mr Lim Hock San, Mr Foo Ko Hing and Mr Rivaie Rachman abstained from the Board's deliberation of his independence.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual represents a considerable concentration of power.

The roles of the Chairman and the Chief Executive Officer ("CEO") are separate and distinct, each having their own areas of responsibilities. The Company believes that a distinctive separation of responsibilities between the Chairman and the CEO will ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The posts of Chairman and CEO are held by Mr Lim Hock San and Mr Eugene Cho Park respectively.

The Chairman, Mr Lim Hock San is primarily responsible for overseeing the overall management and strategic development of the Company.

His responsibilities include:

- Leading the Board in his role as Chairman of the Board;
- Ensuring regular meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- Preparing meeting agenda (in consultation with the CEO and CFO);
- Reviewing board papers that are presented to the Board;
- Ensuring effective communication with shareholders; and
- Promoting good corporate governance.

In assuming his roles and responsibilities, Mr Lim Hock San consults with the Board, Audit Committee, Nominating Committee and Remuneration Committee on major issues and as such, the Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

The Company's CEO, Mr Eugene Cho Park is responsible for the day-to-day management of the Company and the Group's affairs. Mr Eugene Cho Park reports to the Board and ensures that policies and strategies adopted by the Board are implemented.

STATEMENT OF CORPORATE GOVERNANCE

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

The Nominating Committee ("NC") was constituted on 31 October 2006 and comprises three members, majority of whom including its Chairman are independent. The members of the NC are:

Mr Rivaie Rachman (Chairman)	Independent Director
Mr Lim Hock San	Independent Director
Mr Foo Ko Hing	Independent Director

The primary function of the NC is to determine the criteria for identifying candidates and reviewing nominations for the appointment of directors to the Board and also to decide how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval.

The NC functions under the terms of reference which sets out its responsibilities:

(a) To review board succession plans for directors, in particular, the Chairman and CEO;

(b) To develop the process for evaluation of the performance of the Board, its committees and directors and conduct a formal assessment of the effectiveness of the Board, Board Committees and contribution by each director;

(c) To review the training and professional development programs for the Board;

(d) To recommend to the Board on all board appointments, re-appointments and re-nominations;

(e) To ensure that Independent Directors meet SGX-ST's guidelines and criteria.

The NC has conducted an annual review of the independence of the Independent Directors, using the criteria of independence in the Code, and has determined that they are independent.

Multiple Board Representations

The NC considers and it is of the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities, and for each Director to personally determine the demands of his or her competing directorships and obligations and assess the number of directorships they could hold and serve effectively.

Selection, Appointment and Re-appointment of Directors

Annually, the NC reviews the composition of the Board and Board committees having regard to the performance and contribution of each individual director and to ensure diversity of skills and experience within the Board and Board committees.

STATEMENT OF CORPORATE GOVERNANCE

Where there is a resignation or retirement of an existing director, the NC will re-evaluate the Board composition to assess the competencies for the replacement. The NC will deliberate and propose the background, skills, qualification and experience of the candidate it deems appropriate. The factors taken into consideration by the NC could include among other things, whether the new director can add to or complement the mix of skills and qualifications in the existing Board, relevance of his experience and contributions to the business of the Company and the depth and breadth he could bring to Board discussions. Candidates are sourced through a network of contacts and identified based on the established criteria. Search can be made through relevant institutions such as the SID, professional organisations or business federations or external search consultants. New directors will be appointed by way of a Board resolution, after the NC makes the necessary recommendation to the Board.

The Constitution of the Company requires that one-third of the Board retire from office by rotation at each Annual General Meeting ("AGM"). Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years.

Mr Lim Hock San, Mr Eugene Cho Park and Mr Axton Salim will retire by rotation pursuant to the Constitution of the Company. The NC has recommended to the Board, their re-election at the forthcoming annual general meeting. The NC has also recommended the re-appointment of Mr Rivaie Rachman who will retire pursuant to Section 153(6) of the Companies Act, which was in force immediately preceding 3 January 2016, at the forthcoming annual general meeting.

In recommending the above Directors for re-election and re-appointment, the NC has taken into consideration these Directors' contribution and performance. Mr Lim Hock San and Mr Rivaie Rachman abstained from the NC's deliberation of their respective re-election and re-appointment. The Board has accepted the NC's recommendation. Mr Lim Hock San, Mr Eugene Cho Park, Mr Axton Salim and Mr Rivaie Rachman abstained from the Board's deliberation pertaining to their respective re-election and re-appointment.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees the contribution by each director to the effectiveness of the Board.

The NC has established a formal evaluation process to assess the effectiveness of the Board as a whole and peer assessment.

Each year, the Directors were requested to complete evaluation forms to assess the overall effectiveness of the Board and the Board Committees, as well as peer assessment. The results of the evaluation exercise were considered by the NC, which then made recommendations to the Board, aimed at assisting the Board to discharge its duties more effectively.

The evaluation focus on Board composition, maintenance of independence, Board information, Board process, Board accountability, communication with Management and standard of conduct.

The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year and is of the view that the performances of the Board Committees and the Board have been satisfactory.

STATEMENT OF CORPORATE GOVERNANCE

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

All Directors are from time to time furnished with information concerning the Company to enable them to be fully cognisant of the decisions and actions of the Company's executive management. The Board has unrestricted access to the Company's records and information.

Senior members of management provide information whenever necessary in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or by external consultants engaged on specific projects.

The Board has separate and independent access to the Company Secretary and to other senior management executives of the Company and of the Group at all times in carrying out their duties. The Company Secretary attends all Board meetings and meetings of the Committees of the Company and ensure that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of all Board Committees' meetings are circulated to the Board.

The Board takes independent professional advice, and when necessary, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to discharge its responsibilities effectively.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("RC") was constituted on 31 October 2006 and comprises three members, all of whom including its Chairman are independent. The members of the RC are:

Mr Lim Hock San (Chairman)	Independent Director
Mr Foo Ko Hing	Independent Director
Mr Rivaie Rachman	Independent Director

The RC recommends to the Board a framework of remuneration for the Directors and Executive Officers, and determines specific remuneration package for each Executive Director. The RC's recommendations will be submitted for endorsement by the Board. The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company.

All aspects of remuneration, including but not limited to Directors' fee, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. No member of the RC or any Director is involved in the deliberations in respect of any resolution in respect of his remuneration package.

STATEMENT OF CORPORATE GOVERNANCE

The RC functions under the terms of reference which sets out its responsibilities:

(a) To recommend to the Board a framework for remuneration for the Directors and key executives of the Company;

(b) To determine specific remuneration packages for each Executive Director; and

(c) To review the appropriateness of compensation for Non-Executive Directors.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the Remuneration Committee will take into consideration the pay and employment conditions within the industry and in comparable companies. The remuneration of Non-Executive Directors is also reviewed to ensure that the remuneration is commensurate with the contribution and responsibilities of the Directors.

The Company will submit the quantum of Directors' fee of each year to the shareholders for approval at each AGM.

All the Executive Directors, including the Chief Executive Officer, have service agreements with the Company. The service agreements cover the terms of employment, salaries and other benefits. Non-Executive Directors have no service contracts with the Company.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

STATEMENT OF CORPORATE GOVERNANCE

The summary compensation paid to the Directors and top five key executives of the Group during the financial year ended 31 December 2015 is set out below:

Remuneration of Directors

	Salary	Bonus	Directors' Fee	Allowances and Other Benefits	Total compensation
Directors	**%**	**%**	**%**	**%**	**%**
S$500,000 to S$999,999					
Eugene Cho Park Executive Director and Chief Executive Officer	58	36	–	6	100
Gianto Gunara Executive Director	57	36	–	7	100
Choo Kok Kiong Executive Director	57	35	–	8	100
Below S$500,000					
Lim Hock San Non-Executive Chairman and Independent Director	–	–	100	–	100
Jusak Kertowidjojo Executive Director	80	17	–	3	100
Dr Tan Chin Nam Non-Executive Director	–	–	100	–	100
Axton Salim Non-Executive Director	–	–	100	–	100
Foo Ko Hing Independent Director	–	–	100	–	100
Rivaie Rachman Independent Director	–	–	100	–	100

The Executive Directors who sit on the Board hold executive positions in the Group's Indonesian subsidiaries. Under Indonesian governance, there is no requirement for corporations in Indonesia to disclose the detailed remuneration of individual directors and executives. The disclosure in Singapore would affect the confidentiality of their remuneration. The Indonesian subsidiaries would be put into a position of unequal treatment in governing the confidentiality of their employees' remuneration. Such executives who are on the Board would be disadvantaged unfairly. In addition, given the highly competitive conditions in the market place where poaching of executives is not uncommon, it is not in the interest of the Company to disclose the remuneration of individual Executive Directors. The Board is of the view that it would be disadvantages to the Group to detail the remuneration of the Directors.

Each Independent Director's remuneration comprises wholly directors' fee of not more than S$500,000.

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Remuneration of Key Management Personnel

The Code recommends that the Company should name and disclose the remuneration of at least the top five key management personnel in bands of S$250,000. The top key management personnel could be easily poached in the highly competitive market place vying for talent. The Board is of the view that the disclosure of their names and remuneration would be most disadvantageous to the Company.

The remuneration of each of the Company's top 4 key management personnel is above S$250,000. The aggregate total remuneration paid to the top 4 key management personnel is S$3,093,000.

REMUNERATION OF IMMEDIATE FAMILY MEMBER OF DIRECTORS OR THE CEO

No employee of the Company and its subsidiaries was an immediate family member of a Director or the CEO whose remuneration exceeded S$50,000 during the financial year ended 31 December 2015.

DETAILS OF EMPLOYEE SHARE SCHEMES

The Company does not have any employee share scheme for its employees.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is committed to ensure compliance with the Listing Rules of the Singapore Exchange Trading Limited ("SGX-ST"). The Directors have each signed the respective undertaking in the form set out in Appendix 7.7 of Listing Rules to undertake to use their best endeavours to comply with the SGX-ST Listing Rules and to procure that the Company shall so comply. A similar undertaking has been executed the Heads of each subsidiary in their capacity as Executive Officer.

The Board ensures timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within legally prescribed periods.

STATEMENT OF CORPORATE GOVERNANCE

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Audit Committee will ensure that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management, is conducted annually. In this respect, the Audit Committee will review the audit plans, and the findings of the auditors and will ensure that the Company follows up on the auditors' recommendations raised, if any, during the audit process.

The Group has in place a system of internal control and risk management for ensuring proper accounting records and reliable financial information as well as management of business risks with a view to safeguarding shareholders' investments and the Company's assets. The risk management framework implemented provides for systematic and structured review and reporting of the assessment of the degree of risk, evaluation and effectiveness of controls in place and the requirements for further controls.

For the financial year ended 31 December 2015, the Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and regarding the effectiveness of the company's risk management and internal controls system.

Pursuant to Rule 1207(10) of the Listing Manual, the Board with the concurrence of the Audit Committee is satisfied with the adequacy of the internal controls addressing financial, operational and compliance risks.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC comprises three members. There are three members including the Chairman are Independent. The AC comprises the following members:

Mr Lim Hock San (Chairman)	Independent Director
Mr Foo Ko Hing	Independent Director
Mr Rivaie Rachman	Independent Director

The AC functions under the terms of reference which sets out its responsibilities as follows:

(a) To review the financial statements of the Company and the Group before submission to the Board;

(b) To review the audit plans of the Company with the external auditors and the external auditors' reports;

(c) To review the internal controls and procedures (including adequacy of the finance functions and the quality of finance staff) and co-operation given by the Company's management to the external auditors;

(d) To review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations;

STATEMENT OF CORPORATE GOVERNANCE

(e) To make recommendations to our Board on the appointment, re-appointment and removal of the external auditor;

(f) To review interested person transactions and potential conflicts of interest;

(g) To undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising;

(h) To generally undertake such other functions and duties as may be required by the statute, regulations or the Listing Manual, or by such amendments as may be made thereto from time to time; and

(i) To review arrangements by which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company. No member of the AC or any Director is involved in the deliberations and voting on any resolutions in respect of matters he is interested in.

The AC has full access to and co-operation of the Management and has full discretion to invite any Director or Executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC meets with both the external and internal auditors without the presence of the Management at least once a year.

The Company confirms that it has complied with Rules 712, 715 and 716 of the Listing Manual in engaging Foo Kon Tan LLP ("FKT") registered with the Accounting and Corporate Regulatory Authority, as the external auditors of the Company and of its Singapore subsidiaries, and other suitable audit firms for its foreign subsidiaries. The AC reviews the independence of FKT annually. The AC, having reviewed the range and value of non-audit services performed by FKT was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor. The AC recommended that Foo Kon Tan LLP be nominated for re-appointment as auditor at the forthcoming AGM. The AC had also reviewed the appointment of the external auditors of those subsidiaries who are not FKT and is satisfied that such appointment would not compromise the standard and effectiveness of the audit.

The aggregate amount of audit fees paid and payable by the Group to the external auditors for FY2015 was approximately S$980,000 of which audit fees amounted to approximately S$902,000 and non-audit fees amounted to approximately S$78,000.

The Company has in place a whistle-blowing framework.

Employees are free to bring complaints in confidence to the attention of their supervisors, the Human Resources Department. The recipient of such complaints shall forward them promptly to the Audit Committee Chairman. The Group will treat all information received confidentially and protect the identity and the interest of all whistleblowers. Following investigation and evaluation of a complaint, the AC Chairman shall report to the AC on recommended disciplinary or remedial action, if any. The action determined by the AC to be appropriated shall then be brought to the Board or to appropriate members of senior management for authorisation and implementation respectively. An employee can access the AC Chairman directly to raise concern if he feels that it could not be effectively addressed at managerial level.

The policy is communicated to all employees as part of the Group's efforts to promote awareness of fraud control.

STATEMENT OF CORPORATE GOVERNANCE

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company has engaged PricewaterhouseCoopers as its internal auditors. The internal auditors reports directly to the Chairman of the Audit Committee on all internal audit matters.

The primary functions of internal audit are to help:–

(a) assess if adequate systems of internal controls are in place to protect the assets of the Group and to ensure control procedures are complied with;

(b) assess if operations of the business processes under review are conducted efficiently and effectively; and

(c) identify and recommend improvement to internal control procedures, where required.

The Audit Committee has reviewed the Company's internal control assessment and based on the internal auditors' and external auditors' reports and the internal controls in place, it is satisfied that there are adequate internal controls in the Company.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders AGM's and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

In line with continuous obligations of the Company pursuant to the SGX-ST's Listing Rules, the Board's policy is that all shareholders be informed of all major developments that impact the Group.

Information is disseminated to shareholders on a timely basis through:

(a) SGXNET announcements and news release;

(b) Annual Report prepared and issued to all shareholders;

(c) Press releases on major developments of the Group;

(d) Notices of and explanatory memoranda for AGM and extraordinary general meetings ("EGM"); and

(e) Company's website at **www.gallantventure.com** which shareholders can access information on the Group.

STATEMENT OF CORPORATE GOVERNANCE

The Company's AGMs are the principal forums for dialogue with shareholders. The Chairmen of the Audit, Remuneration and Nominating Committees are normally available at the AGMs to answer any questions relating to the work of these Committees. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

The Company's Constitution allows a member (other than a relevant intermediary as defined in Section 181 of the Companies Act) to appoint one or two proxies to attend and vote at its general meetings. The Companies Act allows relevant intermediaries which include CPF Approved nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF Approved Nominees' proxies.

Shareholders are encouraged to attend the AGM/EGM to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. Notice of the meeting will be advertised in newspapers and announced on SGXNET. The Notice for the forthcoming AGM does not carry a declaration of dividend for FY2014 and the Company will consider the declaration of dividend when the cash permits.

In compliance with Listing Rules, all the resolutions at the forthcoming AGM will be be put to vote by poll to allow greater transparency and more equitable participation by shareholders.

Dealing In Securities

The Company has adopted a policy on dealing in securities that is in accordance with Rule 1207(19) of the Listing Manual. The Company has procedures in place prohibiting dealings in the Company's shares by Directors and employees of the Company on short term considerations and during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the company's full year financial statements. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading periods.

Interested Person Transactions Policy

The Company adopted an internal policy in respect of any transactions with interested person and has established procedures for review and approval of the interested person transactions entered into by the Group. The Audit Committee has reviewed the rationale and terms of the Group's interested person transactions and is of the view that the interested person transactions are on normal commercial terms and are not prejudicial to the interests of the shareholders.

STATEMENT OF CORPORATE GOVERNANCE

The interested person transactions transacted for the financial year ended 31 December 2015 by the Group are as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted (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 $100,000)
	S$'000	**S$'000**
PURCHASES		
PT Asuransi Central Asia		612
PT Herwindo Rintis		121
PT Hijau Pertiwi Indah Plantations		523
PT Indomarco Prismatama		891
PT Indomobil Manajemen Corporation		517
PT Perusahaan Perkebunan London Sumatra Indonesia		120
PT Sumalindo Alam Lestari		205
SALES		
PT Alam Indah Bintan		2,302
PT Straits CM Village		2,430
PT Indofood Sukses Makmur Tbk		191
PT Indomarco Prismatama		117
PT Sumalindo Alam Lestari		121
PT Swadharma Indotama		207
PT Tunas Karya Indoswasta		101
PT Wahana Inti Sela		106
CONVERTIBLE BOND		
PT Alam Indah Bintan Interest income	2,197	

Material Contracts

There was no material contracts entered into by the Company or any of its subsidiary companies involving the interest of the Chief Executive Officer, any Director, or controlling shareholder.

The Board is satisfied with the Group's commitment to compliance with the Code of Corporate Governance.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Directors submit this annual report to the members together with the audited consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2015.

In the opinion of the directors,

(a) the accompanying statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards;

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of Directors

The Directors of the Company to office at the date of this report are:

Mr Lim Hock San (Non-Executive Chairman and Independent Director)
Mr Eugene Cho Park (Executive Director and Chief Executive Officer)
Mr Gianto Gunara (Executive Director)
Mr Jusak Kertowidjojo (Executive Director)
Mr Choo Kok Kiong (Executive Director)
Dr Tan Chin Nam (Non-Executive Director)
Mr Axton Salim (Non-Executive Director)
Mr Foo Ko Hing (Independent Director)
Mr Rivaie Rachman (Independent Director)

Arrangements to enable Directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of the subsidiaries was a party to any arrangement which the object of which was to enable the Directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body, other than as disclosed in this report.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the Directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations except as follows:

	Number of ordinary shares registered in the name of Director or nominee		Number of ordinary shares in which Director is deemed to have an interest		Principal amount of debentures in the name of Director or nominee	
The Company	**As at 1.1.2015**	**As at 31.12.2015 and 21.1.2016**	**As at 1.1.2015**	**As at 31.12.2015 and 21.1.2016**	**As at 1.1.2015 S$**	**As at 31.12.2015 and 21.1.2016 S$**
Lim Hock San	1,714,000	1,714,000	–	–	1,000,000	1,000,000
Eugene Cho Park	200,000	200,000	–	–	–	–
Gianto Gunara	200,000	200,000	–	–	–	–

Share options scheme

No options were granted during the financial year to take up unissued shares of the Company or of its subsidiaries.

No shares were issued by virtue of the exercise of options.

There were no unissued shares under option at the end of the financial year.

Audit Committee

The Audit Committee at the end of the financial year comprises the following members:

Mr Lim Hock San (Chairman)
Mr Foo Ko Hing
Mr Rivaie Rachman

The audit committee performs the functions set out in Section 201B (5) of the Companies Act, Cap.50, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the committee reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Audit Committee (Cont'd)

(iii) the quarterly financial information (where applicable) and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 as well as the auditor's report thereon;

(iv) effectiveness of the Company's and the Group's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews carried out by the internal auditors;

(v) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

(vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(viii) reviewed the nature and extent of non-audit services provided by the external auditor;

(ix) recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(x) reported actions and minutes of the Audit Committee to the board of directors with such recommendations as the Audit Committee considered appropriate; and

(xi) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The audit committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The audit committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The audit committee is satisfied with the independence and objectivity of the external auditor and has recommended to The Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Committee are provided in the Report on Corporate Governance.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

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EUGENE CHO PARK

....

GIANTO GUNARA

Dated: 6 April 2016

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Report on the financial statements

We have audited the accompanying financial statements of Gallant Venture Ltd. ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Company and the Group as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 6 April 2016

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	The Company 31 Dec 2015 $'000	The Company 31 Dec 2014 $'000	The Group 31 Dec 2015 $'000	The Group 31 Dec 2014 $'000 Restated	The Group 1 Jan 2014 $'000 Restated
Assets						
Non-Current						
Intangible assets	3	**171**	261	**788,666**	805,013	821,336
Property, plant and equipment	4	**34**	59	**639,866**	676,393	603,671
Investment properties	5	**–**	–	**183,984**	164,675	186,491
Subsidiaries	6	**2,557,260**	2,557,260	**–**	–	–
Associates	7	**–**	–	**215,405**	239,393	260,485
Financing receivables	8	**–**	–	**383,988**	357,510	346,477
Deferred tax assets	9	**6,502**	6,211	**40,527**	44,087	34,780
Other non-current assets	10	**11,649**	10,159	**626,979**	646,074	623,753
		2,575,616	2,573,950	**2,879,415**	2,933,145	2,876,993
Current						
Land inventories	11	**–**	–	**630,027**	609,798	597,092
Other inventories	12	**–**	–	**298,605**	366,510	478,534
Financing receivables	8	**–**	–	**423,083**	408,575	306,259
Trade and other receivables	13	**58,859**	119,985	**523,039**	546,454	409,253
Cash and cash equivalents	14	**18,074**	525	**201,921**	161,292	168,363
		76,933	120,510	**2,076,675**	2,092,629	1,959,501
Total assets		**2,652,549**	2,694,460	**4,956,090**	5,025,774	4,836,494
Equity and liabilities						
Share capital	15	**1,880,154**	1,880,154	**1,880,154**	1,880,154	1,880,154
(Accumulated losses)/retained profits		**(101,760)**	(49,772)	**(5,534)**	102,014	94,497
Reserves	16	**80,000**	80,000	**(176,819)**	(159,109)	(170,872)
Equity attributable to equity holders of the Company		**1,858,394**	1,910,382	**1,697,801**	1,823,059	1,803,779
Non-controlling interests		**–**	–	**336,434**	362,007	345,072
Total equity		**1,858,394**	1,910,382	**2,034,235**	2,185,066	2,148,851
Liabilities						
Non-Current						
Borrowings	17	**–**	209,925	**500,684**	700,532	923,783
Debt securities	18	**451,677**	414,274	**622,634**	586,311	345,894
Deferred tax liabilities	9	**–**	–	**95,681**	97,882	99,864
Employee benefits liabilities	19	**–**	–	**30,960**	25,672	21,647
Other non-current liabilities	20	**3,376**	2,773	**35,524**	73,917	80,240
		455,053	626,972	**1,285,483**	1,484,314	1,471,428
Current						
Trade and other payables	21	**17,877**	19,037	**361,886**	386,462	341,925
Borrowings	17	**145,604**	137,503	**973,498**	811,804	799,744
Debt securities	18	**174,693**	–	**286,707**	141,594	57,857
Current tax payable		**928**	566	**14,281**	16,534	16,689
		339,102	157,106	**1,636,372**	1,356,394	1,216,215
Total liabilities		**794,155**	784,078	**2,921,855**	2,840,708	2,687,643
Total equity and liabilities		**2,652,549**	2,694,460	**4,956,090**	5,025,774	4,836,494

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Year ended 31 December 2015 $'000	Year ended 31 December 2014 $'000
Revenue	24	**2,028,105**	2,328,328
Cost of sales		**(1,715,205)**	(1,946,920)
Gross profit		**312,900**	381,408
Other income	25	**83,423**	120,011
General and administrative expenses		**(163,804)**	(151,947)
Other operating expenses	26	**(168,268)**	(164,250)
Share of associate companies' result		**(18,029)**	(30,625)
Finance costs	27	**(145,208)**	(131,625)
(Loss)/profit before taxation	28	**(98,986)**	22,972
Taxation	29	**(27,061)**	(18,626)
(Loss)/profit after taxation		**(126,047)**	4,346
Other comprehensive (expense)/income after taxation:			
Items that are/may be reclassified subsequently to profit or loss			
Change in fair value of available-for-sales investments	16(d)	**(13,139)**	5,558
Change in fair value of derivative instruments, net of tax	16(c)	**4,688**	(2,377)
Currency translation differences	16(b)	**(12,411)**	17,222
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans	16(e)	**(1,810)**	(158)
Other comprehensive (expense)/income for the year after taxation	30	**(22,672)**	20,245
Total comprehensive (expense)/income for the year		**(148,719)**	24,591
(Loss)/profit attributable to:			
– Equity holders of the Company		**(107,548)**	7,517
– Non-controlling interests		**(18,499)**	(3,171)
		(126,047)	4,346
Total comprehensive (expense)/income attributable to:			
– Equity holders of the Company		**(124,367)**	19,939
– Non-controlling interests		**(24,352)**	4,652
		(148,719)	24,591
		Cents	Cents
(Loss)/earnings per share			
– Basic	31	**(2.229)**	0.156
– Diluted		**(2.229)**	0.148

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company									
	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 at 1 January 2015, as restated	**1,880,154**	**(105,771)**	**(62,341)**	**3,446**	**(315)**	**5,872**	**102,014**	**1,823,059**	**362,007**	**2,185,066**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(107,548)**	**(107,548)**	**(18,499)**	**(126,047)**
Other comprehensive (expense)/income	**–**	**–**	**(8,876)**	**3,357**	**(9,346)**	**(1,954)**	**–**	**(16,819)**	**(5,853)**	**(22,672)**
Total comprehensive (expense)/income for the year	**–**	**–**	**(8,876)**	**3,357**	**(9,346)**	**(1,954)**	**(107,548)**	**(124,367)**	**(24,352)**	**(148,719)**
Dividends paid to non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,594)**	**(2,594)**
Changes in interest in subsidiaries and effect of transaction with non-controlling interest	**–**	**–**	**–**	**–**	**–**	**(891)**	**–**	**(891)**	**1,373**	**482**
Balance at 31 December 2015	**1,880,154**	**(105,771)**	**(71,217)**	**6,803**	**(9,661)**	**3,027**	**(5,534)**	**1,697,801**	**336,434**	**2,034,235**
Balance at 1 January 2014, as reported	1,880,154	81,711	(72,641)	5,145	(4,267)	6,662	94,497	1,991,261	157,590	2,148,851
Prior year adjustment (Note 39)	–	(187,482)	–	–	–	–	–	(187,482)	187,482	–
Balance as at 1 January 2014, as restated	1,880,154	(105,771)	(72,641)	5,145	(4,267)	6,662	94,497	1,803,779	345,072	2,148,851
Profit for the year	–	–	–	–	–	–	7,517	7,517	(3,171)	4,346
Other comprehensive income/(expense)	–	–	10,300	(1,699)	3,952	(131)	–	12,422	7,823	20,245
Total comprehensive income/(expense) for the year	–	–	10,300	(1,699)	3,952	(131)	7,517	19,939	4,652	24,591
Dividends paid to non-controlling interest	–	–	–	–	–	–	–	–	(3,788)	(3,788)
Changes in interest in subsidiaries and effect of transaction with non-controlling interest	–	–	–	–	–	(659)	–	(659)	16,071	15,412
Balance at 31 December 2014, as restated	1,880,154	(105,771)	(62,341)	3,446	(315)	5,872	102,014	1,823,059	362,007	2,185,066

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Year ended 31 December 2015 $'000	Year ended 31 December 2014 $'000 Restated
Cash Flows from Operating Activities			
(Loss)/profit before taxation		**(98,986)**	22,972
Adjustments for:			
Amortisation of intangible assets		**16,408**	16,404
Depreciation of property, plant and equipment and investment properties		**109,626**	106,450
Unrealised currency translation losses		**549**	8,414
Gain on disposal of property, plant and equipment		**(673)**	(33,172)
Impairment of trade and other receivables		**31,311**	19,670
Impairment of foreclosed assets		**4,429**	1,256
Loss on sales of foreclosed assets		**13,050**	8,962
Allowance for inventories obsolescence		**–**	11
Provision for employees' benefits		**5,235**	4,674
Interest expense		**145,208**	131,625
Interest income		**(31,823)**	(27,103)
Fair value loss on derivative instruments		**603**	2,683
Gain on disposal of subsidiary		**–**	(10,496)
Gain on disposal of associates		**(8,531)**	–
Share of associates' result		**18,029**	30,625
Operating profit before working capital changes		**204,435**	282,975
Increase in land inventories		**(20,229)**	(12,706)
Decrease in other inventories		**67,192**	124,372
Increase in operating receivables		**(35,833)**	(210,842)
Increase in operating payables		**88,386**	98,874
Cash generated from operating activities		**303,951**	282,673
Income tax paid		**(81,869)**	(36,361)
Interest paid		**(166,365)**	(173,217)
Interest received		**12,353**	6,731
Deposits refunded/(paid) to tenants/golf members		**91**	(155)
Net cash generated from operating activities		**68,161**	79,671
Cash Flows from Investing Activities			
Acquisition of intangible assets		**(61)**	(81)
Acquisition of property, plant and equipment		**(110,772)**	(180,488)
Acquisition of investment properties		**(2,440)**	(588)
Dividend from associates		**753**	3,942
Proceeds from disposal of property, plant and equipment		**14,941**	50,930
Proceeds from sales of associates		**20,980**	–
Acquisition of associates		**(12,073)**	(26,584)
Disposal of subsidiaries, net of cash disposal	[A]	**–**	2,710
Acquisition of other assets		**(31,240)**	–
Net cash used in investing activities		**(119,912)**	(150,159)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Year ended 31 December 2015 $'000	Year ended 31 December 2014 $'000 Restated
Cash Flows from Financing Activities			
Proceeds from other financing activities		**413,135**	378,432
Repayment of other financing activities		**(234,723)**	(61,688)
Acquisition of non-controlling interests		**823**	16,319
Proceeds from bank borrowings		**2,498,205**	1,490,931
Repayment of bank borrowings		**(2,580,308)**	(1,759,401)
Dividends paid to non-controlling interests		**(2,594)**	(3,788)
Net cash generated from financing activities		**94,538**	60,805
Increase /(Decrease)in cash and cash equivalents		**42,787**	(9,683)
Cash and cash equivalents at beginning of year		**161,292**	168,363
Effect of currency translation on cash and cash equivalent		**(2,158)**	2,612
Cash and cash equivalents at end of year	14	**201,921**	161,292

Note A: Disposal of a Subsidiary

In prior year, the Group disposed the entire equity interest in its subsidiary, Starhome Limited. The carrying value of assets and liabilities disposed were as follows:–

	2014 $'000
Total Net assets	**16,634**
Gain on disposal of subsidiary	**10,496**
Consideration for the disposal	**27,130**
Consideration for the disposal	
Initial Cash payment	**2,710**
Cash Instalment payment	**24,420**
	27,130
Effect of the disposal on cash flows	
Cash consideration	**2,710**
Cash balance in subsidiary disposed off	**–**
Cash inflow on disposal	**2,710**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1 General information

The financial statements of the Company and of the Group for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on the date of the Statement by Directors.

The Company was incorporated as a limited liability company listed on Singapore Exchange and domiciled in Singapore.

The registered office and the principal place of business is at 991A Alexandra Road #02-06/07, Singapore 119969.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

The Company's immediate holding company is Parallax Venture Partners XXX Ltd, a company incorporated in the British Virgin Islands and its ultimate holding company is Salim Wanye (Shanghai) Enterprises Co., Ltd, a company incorporated in the People's Republic of China.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a significant judgement are described below.

Significant judgements in applying accounting policies

(a) Income taxes (Note 29)

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(a) Basis of preparation (Cont'd)

Significant judgements in applying accounting policies (Cont'd)

(b) Operating lease commitments – as lessor (Note 32 (b))

The Group has entered into commercial property leases on its investment properties. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases. The carrying value of the operating leases as of 31 December 2015 amounted to $72,266,000 (2014 – $39,727,000).

(c) Classification of investment properties (Note 5)

The Group classifies certain buildings and improvements as investment properties as these are leased out to earn rental income. An insignificant portion of investment properties is held for use in the supply of services or for administration purposes.

(d) Determination of functional currency

The Group measures foreign currency translation in the respective currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(e) Allowance for impairment losses on receivables (Notes 8, 13)

The Company and the Group evaluate specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Company and the Group use judgement, based on the best available facts and circumstances including but not limited to the length of its relationship with the customer and the customer's current credit status based on third party credit reports and known market factors to record specific provisions for customers receivables against amount due to reduce its receivable amounts that the Company and the Group expect to collect. These specific provisions are revaluated and adjusted if additional information received affects the amounts of allowance for impairment losses of trade receivables, financing receivables and other receivables. The carrying amount of the Company's and the Group's receivables as at 31 December 2015 amount to $58,859,000 (2014 – $119,985,000) and $1,330,110 (2014 – $1,312,539,000) respectively.

(f) Deferred tax assets (Note 9)

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management estimates are required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The carrying amounts of the Company's and the Group's deferred tax assets as at 31 December 2015 are $6,502,000 (2014 – $6,211,000) and $40,527,000 (2014 – $44,087,000) respectively.

(g) Going Concern

As at 31 December 2015, the Company's current liabilities exceeded its current assets by $262,169,000 (2014: S$36,596,000). The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet their obligations as and when they fall due in the next 12 months. The Company's net current liability position is mainly due to loans from subsidiaries amounting to $145,604,000 (2014 – $137,503,000) and bonds of $174,693,000 (2014 – $Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(a) Basis of preparation (Cont'd)

Significant judgements in applying accounting policies (Cont'd)

(g) Going Concern (Cont'd)

The Company is able to raise funds through bank borrowings and capital market, and obtain additional funds from the subsidiaries to settle its current liabilities and the subsidiaries will not call for the loans for the next twelve months.

The accompanying financial statements do not include any adjustments relating to the realisation and classification of asset amounts that may be necessary if the Company are unable to continue as going concern. Should the going concern assumption be inappropriate, adjustments would have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to provide for further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No adjustments have been made in the financial statements in respect of these.

Critical accounting estimates and assumptions used in applying accounting policies

(a) Pension and employee benefits (Note 19)

The determination of the Group's obligation cost for pension and employee benefits liabilities is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actual results that differ from the Group's assumptions are recognised in profit or loss as and when they occurred. While the Group believes that its assumptions are reasonable and appropriate, significant changes in the Group's assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense. The carrying amount of employee benefit liabilities as at 31 December 2015 amounts to $30,960,000 (2014 – $25,672,000).

If the discount rate decreases by 1% from management's estimates, the present value of the pension and employee benefits obligation will be increased by $1,220,000 (2014 – $949,000).

(b) Depreciation of property, plant and equipment (Note 4)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 to 80 years. Changes in the expected level of usage and technological development could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.

The carrying amounts of the Company's and the Group's property, plant and equipment as at 31 December 2015 are $34,000 (2014 – $59,000) and $639,866,000 (2014 – $676,393,000) respectively. If the depreciation of the property, plant and equipment increases/decreases by 10%, the Group's profit for the year will decrease/increase by $8,660,000 (2014 – $8,389,000).

(c) Amortisation of intangible assets (Note 3)

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those with finite useful lives. Management estimates the useful lives of these intangible assets to be within 3 to 20 years. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to impairment testing if there are any indicators of impairment. Indefinite life intangibles are subject to annual impairment testing.

Intangibles assets are written off where, in the opinion of the management, no further economic benefits are expected to arise. The carrying value of the Company's and the Group's intangible assets, exclude goodwill, as at 31 December 2015 are $171,000 (2014 – $261,000) and $281,505,000 (2014 – $297,852,000) respectively. If the amortisation of intangible assets increases/decreases by 10%, the Group's profit for the year will decrease/increase by $1,641,000 (2014 – $1,640,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(a) Basis of preparation (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

(d) Depreciation of investment properties (Note 5)

Investment properties are accounted for using the cost model and are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of these investment properties to be within 3 to 30 years. The carrying value of the investment properties are reviewed when events or changes in circumstances indicate the carrying value may not be recoverable.

The carrying value of the Group's investment properties as at 31 December 2015 is $183,984,000 (2014 – $164,675,000). If the depreciation of the investment properties increase/decrease by 10%, the Group's profit for the year will decrease/increase by $2,303,000 (2014 – $2,256,000).

(e) Fair value of financial instruments

The Group carries certain financial assets and liabilities at fair value. Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of the mathematical models. The input to these models are derived from observable market data where possible. Where observable data are not available, judgement are required to establish the fair value. The judgement includes considerations of liquidity and model inputs such as volatility and discount rate, prepayment rates and default rate assumptions, which fair value would differ if the Group utilised different valuation methodology. Any changes in fair values of these financial assets and liabilities would affect directly the Group's profit or loss.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(a) Basis of preparation (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

(e) Fair value of financial instruments (Cont'd)

Further information about the assumptions made in measuring the fair values is included in the following note:

- Note 23 – Derivative financial instruments

The carrying amount of the Group's derivative financial assets as at 31 December 2015 is $32,325,000 (2014 – $59,231,000) and the carrying amounts of the Company's and the Group's derivative financial liabilities as at 31 December 2015 are $3,286,000 (2014 – $2,683,000) and $3,286,000 (2014 – $45,067,000) respectively. If the fair value of the Group's derivative financial assets and the Company's and the Group's derivative financial liabilities increase/decrease by 10%, the Group's profit for the year will decrease/increase by $329,000 (2014 – $268,000) and the Group's other comprehensive income for the year will increase/decrease by $3,233,000 (2014 – $1,685,000).

(f) Allowance for decline in market values and obsolescence of inventories (Notes 11 & 12)

Allowance for decline in market values and obsolescence of inventories is estimated based on the best available facts and circumstances including but not limited to the inventories' own physical conditions, their market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. The provision are re-evaluated and adjusted as additional information received affects the amount estimated.

If the net realisable value of the inventories decreases by 10% from management's estimates, the Group's profit will decrease by $194,000 (2014 – $215,000). The carrying amounts of land inventories and other inventories as at 31 December 2015 are $630,027,000 (2014 – $609,798,000) and $298,605,000 (2014 – $366,510,000) respectively.

(g) Impairment of goodwill (Note 3)

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The assessment of impairment of goodwill was determined based on the recoverable amount of the Group's cash-generating units ("CGU") according to business segments. The recoverable amount of the CGU is determined based value-in-use calculation.

This calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and use of estimates (Note 3). The carrying amount of goodwill as at 31 December 2015 amounts to $507,161,000 (2014 – $507,161,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(a) Basis of preparation (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

(h) Land inventories (Note 11)

The net realisable value for land inventories are estimated based primarily on the latest selling prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of the land inventories.

If the net realisable value of land inventories decrease by 10% from management's estimates, there will be no impact in the carrying value of the land inventories.

(i) Impairment in investment in subsidiaries and associates (Notes 6 and 7)

Determining whether investments in subsidiaries and associates are impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Company and the Group to estimate the future cash flows expected from the cash generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investments based on such estimates. If the present value of estimated future cash flows decreased by 1% from management estimates, this is not likely to materially affected the carrying amount. The carrying amount of the investment in subsidiaries and associates are disclosed in note 6 and 7 to the financial statements.

2(b) Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group adopted the amended FRSs that are mandatory for application from that date. This includes the following FRSs which are relevant to the Group:

Reference	Description
Amendments to FRS 19	Defined Benefit Plan: Employee Contributions
Improvements to FRSs (January 2014)	
– FRS 24	Related Party Transactions
– FRS 108	Operating Segment
Improvements to FRSs (February 2014)	
– FRS 40	Investment Property
– FRS 113	Fair Value Measurement

The directors do not anticipate that the above FRSs in current year will have a material impact on the financial statements of the Group in the period of their initial adopted except for the following:

Amendments to FRS 19 Defined Benefit Plan: Employee Contributions

The amendments permit contributions that are independent of the number of years of service to be recognised as a reduction in the service in the period in which the service is rendered, instead of allocating the contributions to period of service. Other contributions by employees or third parties that are not solely linked to current year service are required to be attributed to period of service either using the plan's contribution formula or on a straight-line basis.

There is no significant impact on the financial statements when applied in.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(b) Interpretations and amendments to published standards effective in 2015 (Cont'd)

Improvements to FRSs (January 2014) FRS 24 Related Party Disclosures

Improvements to FRSs (January 2014) FRS 24 Related Party Disclosures clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The improvements to FRSs (January 2015) FRS 24 Related Party Disclosures are effective from annual periods beginning on or after 1 July 2014. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Company and the Group when implemented.

Improvements to FRS (January 2014) FRS 108 Operating Segments

The Improvements to FRSs (January 2014) FRS 108 Operating Segments clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. In addition, the entity is required to disclose the judgements made by management in applying the aggregation criteria to operating segments. The improvements to FRSs (January 2014) FRS 108 Operating Segments are effective from annual periods beginning on or after 1 July 2014. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Group when applied in.

Improvements to FRS (February 2014) FRS 40 Investment Property

FRS 40 Investment Property has been amended to clarify that an entity should assess whether an acquired property is an investment property under FRS 40 and perform a separate assessment under FRS 103 Business Combination to determine whether the acquisition of the investment property constitutes a business combination. The Group has used judgement to determine whether the acquisition of an investment property is an acquisition of a business under FRS 103 (Note 7).

Improvements to FRS (February 2014) FRS 113 Fair Value Measurement

The Improvements to FRSs (February 2014) FRS 113 Fair Value Measurement clarifies that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, FRS 39, even if those contracts do not meet the definitions of financial assets or financial liabilities within FRS 32.

There is no significant impact on the financial statements when applied in.

2(c) FRS not yet effective

The following are the new or amended FRS and INT FRS issued that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 1	Presentation of Financial Statements	1 January 2016
Amendments to FRS 16, FRS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 16, FRS 41	Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 111	Accounting for Acquisition of Interests in Joint Operations	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(c) FRS not yet effective (Cont'd)

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 110, FRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Improvements to FRSs (November 2014)		
– FRS 34	Interim Financial Reporting	1 January 2016
– FRS 19	Employee Benefits	1 January 2016
– FRS 105	Non-current Assets Held for Sales and Discontinue Operations	1 January 2016
– FRS 107	Financial Instruments: Disclosure	1 January 2016
Amendments to FRS 7	Statements of Cash Flows	1 January 2017
Amendments to FRS 12	Income Taxes	1 January 2017
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018

The directors do not anticipate that the adoptions of the above FRSs in future periods will have a material impact on the financial statements of the Company in the period of their initial adoption except as follows:–

FRS 109 Financial Instruments

FRS 109 *Financial Instruments* replaces FRS39 and it is a package of improvements introduced by FRS 109 which includes a logical model for:

- Classification and measurement
- A single, forward – looking "expected loss" impairment model and
- A substantially reformed approach to hedge accounting

FRS 109 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the financial statements.

FRS 115 Revenue from Contracts with Customers

FRS115 *Revenue from Contracts with Customers* establishes a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard replaces FRS 11 *Construction Contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for Construction of Real Estate*, INT FRS 118 *Transfer of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall into scope of other standards.

FRS 115 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(c) FRS not yet effective (Cont'd)

Amendments to FRS 1 Presentation of Financial Statements

The amendments to FRS 1 Presentation of Financial Statements clarify that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the judgement in determining where and in what order information is presented in the financial disclosures.

As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Company and the Group when applicable.

Amendments to FRS 12 Income Taxes

The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The directors are in the midst of assessing the impact to the financial position and financial performance of the Company and Group when applicable.

Amendments to FRS 7 Statements of Cash Flows

The amendments clarify that cash flows arising from financial activities as reported in the statement of cash flows, excluding contributed equity, need to be reconciled to the corresponding liabilities in the opening and closing statements of financial position. Additional disclosures are required about information that is relevant to an understanding of the liquidity of a company. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Company and the Group when applicable.

2(d) Significant accounting policies

(i) Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intragroup transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(i) Consolidation (Cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

– power over the investee;

– exposure, or rights to variable returns from its involvement with the investee; and

– the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

– the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

– potential voting rights held by the Group, other vote holders or other parties;

– rights arising from other contractual arrangements; and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(i) Consolidation (Cont'd)

– any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Transactions with Non-Controlling Interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(ii) Intangible assets

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing, if there are any indicators of impairment. Indefinite life intangibles are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the Directors, no further future economic benefits are expected to arise.

a. Goodwill

Goodwill on acquisition of subsidiaries on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries prior to 1 January 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries and joint ventures is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments.

b. Dealerships and distributorships

Dealerships and distributorships are amortised on straight-line basis over their useful life of 20 years.

c. Computer software

Costs relating to computer software acquired, which are not an integral part of related hardware, are capitalised and amortised on a straight-line basis over their useful life of 3 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(iii) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

	Years
Leasehold land	15 – 80
Land improvements	20
Landfill	3
Building and infrastructures	3 – 30
Golf course	36 – 45
Utilities plant and machinery	3 – 30
Machinery and equipment	3 – 15
Vessels and ferry equipment	4 – 15
Working wharf	3
Transportation equipment and vehicles	3 – 8
Medical equipment	7
Furniture, fixtures and equipment	1 – 10
Office equipment	2 – 5
Resort equipment	3 – 5
Reservoir	30
Telecommunication equipment	10 – 30
Leasehold improvements	5

Construction-in-progress is stated at cost. The accumulated costs will be reclassified to the appropriate property, plant and equipment account when the construction is substantially completed and the asset is ready for its intended use. No depreciation is provided on construction-in-progress.

Costs incurred in the general overhaul of the main engines of vessels during dry docking are capitalised and depreciated over 3 to 5 years.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(iii) Property, plant and equipment and depreciation (Cont'd)

For acquisitions and disposals during the financial year, depreciation is provided from the year of acquisition and to the year before disposal respectively. For acquisitions less than $1,000, they are expended as expenses in the profit or loss. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

(iv) Investment properties

Investment properties consist of buildings and improvements that are held to earn rental yields, including portions of buildings which could not be sold separately, and where an insignificant portion is held for use in the supply of services or for administrative purposes.

The Group applies the cost model. Investment properties are stated at cost less accumulated depreciation, less any impairment in value similar to that for property, plant and equipment. Such costs include the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is computed using the straight-line method over the estimated useful lives of the investment properties of 3 – 30 years, as applicable for each investment property.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in the profit or loss.

The carrying value of investment properties are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from the investment property when and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

(v) Investment in subsidiaries

In the Company's separate financial statements, shares in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(vi) Investment in associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and loss resulting from transaction between the Group and the associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss, on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate are prepared as of the same reporting date as the Company unless it is impracticable to do so. When the financial statements of an associate used in applying the equity method are prepared as of a different reporting date from that of the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Company.

Upon loss of significant influence or joint control over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(vi) Investment in associates (Cont'd)

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would have been required if that associate or joint venture had directly disposed of the related assets or liabilities.

When an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

If the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(vii) Land inventories

Land inventories are carried at the lower of cost and net realisable value. Cost of land inventories is computed using the weighted average cost method. Net realisable value represents the estimated selling price less costs to be incurred in selling the land.

Cost of land inventories includes cost of land, borrowing costs and other costs directly or indirectly related to the acquisition and development of the land for sale. These costs are capitalised during the period such activities that are necessary to get these assets ready for sale are in progress. Capitalisation of these costs will cease when land development is completed and the land is available for sale.

The costs incurred in the development of the resort and common areas/facilities are allocated proportionally to the saleable parcels of land. Other land development costs incurred are allocated to each parcel of land using the specific identification method.

Land inventories are derecognised when it has been sold as an integral part with sale of land and no future economic benefit is expected from its disposal. Cost of land infrastructure inventory on sale of land or loss from disposal is recognised in the profit or loss in the year of sale or disposal.

(viii) Other inventories

Other inventories are stated at the lower of cost and net realisable value. Cost is generally determined on a first-in, first-out basis, specific identification and average methods. The cost of finished goods and work in progress comprises goods held for resale, raw materials, labour and an appropriate portion of overheads. Allowance is made for obsolete, slow moving or defective inventory in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(ix) Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired and contractual terms. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date – the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment of impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company and the Group currently have legally enforceable rights to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Group does not have investments to be designated as fair value through profit or loss and held-to-maturity financial assets.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(ix) Financial assets (Cont'd)

(a) Loans and receivables (Cont'd)

Loans and receivables include financing receivables, loans and notes receivables, trade and other receivables, and cash and bank balances. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write back is recognised in profit or loss.

(b) Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in other comprehensive income, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income is included in the profit or loss for the year.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income shall be removed from the other comprehensive income and recognised in the profit or loss even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from other comprehensive income and recognised in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed in profit or loss if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(ix) Financial assets (Cont'd)

(b) Available-for-sale financial assets (Cont'd)

Impairment losses recognised in a previous interim period in respect of available-for-sale equity investments are not reversed even if the impairment losses would have been reduced or avoided had the impairment assessment been made at a subsequent reporting period or end of the reporting period.

The Group's available-for-sale financial assets are shown in Note 37.

(c) Determination of fair value

The fair values of quoted financial assets are based on quoted market prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. Where fair value of unquoted instruments cannot be measured reliably, the instrument is measured at cost less any allowance for impairment.

(x) Financing receivables

(a) Consumer financing receivables

Consumer financing receivables are presented net of amounts financed by banks relating to the cooperation transactions of loan channelling, unearned consumer financing income and allowance for impairment loss on consumer financing receivables.

Based on the consumer joint financing agreements (without recourse), the Group only presents the portion of the total instalments receivable financing by the subsidiaries (net approach). The consumer financing income is presented net of amounts of the banks' rights on such income relating to the transactions.

For consumer joint financing, receivable take over and channelling agreements (with recourse), consumer financing receivables represent all customers' instalments and the total facilities financed by creditors are recorded as liability (gross approach). Interest earned from customers is recorded as part of consumer financing income, while interest charged by the creditors is recorded as part of financing charges.

Unearned income on consumer financing, which is the excess of the aggregate instalment payments to be received from the consumers over the principal amount financed, plus or deducted with the financing process administration fees or expenses, is recognised as income over the term of the respective agreement using effective interest rate method.

The Group does not recognise consumer financing income contract on receivables that are overdue more than three months. The interest income previously recognised during three (3) months but not yet collected is reversed against interest income. Such income is recognised only when the overdue receivable is collected.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(x) Financing receivables (Cont'd)

(b) Net investment in financing leases

Net investment in financing leases represents financing lease receivables plus the guaranteed residual value at the end of the lease period and net of unearned financing lease income, security deposits and allowances for impairment losses. The difference between gross lease receivables and the present value of the lease receivable is recognised as unearned financing lease income.

Unearned financing lease income is recognised as financing lease income based on a constant rate on the net investment using effective interest rate.

(xi) Foreclosed assets

Foreclosed assets acquired in conjunction with settlement of consumer financing receivables are stated at the lower of related consumer financing receivables' carrying value or net realizable value of foreclosed assets. The difference between the carrying value and the net realizable value recorded as part of allowance for impairment losses and loss on foreclosed assets and is recognised in profit or loss.

In case of default, the customer gives the right to the Group to sell the foreclosed assets or take any other actions to settle the outstanding receivables. Customers are entitled to the positive differences between the proceeds from sales of foreclosed assets and the outstanding consumer financing receivables. If the differences are negative, the resulting losses are recognised in profit or loss.

(xii) Golf membership

Golf membership is measured initially at cost. Subsequent to initial recognition, golf membership is stated at cost less any accumulated impairment losses. The carrying value of golf membership is reviewed annually for impairment when an indicator of impairment arises during the reported period indicating that the carrying value may not be recoverable.

The golf membership is assessed as having indefinite life and there is no foreseeable limit to the period over which the memberships are expected to generate cash to the Group. The golf membership is tested for impairment and carried at cost less accumulated impairment loss.

(xiii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in bank, short term deposits and other short-term investments with maturities of three months or less at the time of placement or purchase that are subject to insignificant risk of changes in their fair value and are used by the Group in the management of its short term commitment.

(xiv) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(xv) Financial liabilities

The Group's financial liabilities include loans and borrowings, debt securities (including bond), consumer financing, obligations under finance lease and trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in the profit or loss. Financial liabilities are amortization if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company and the Group currently have legally enforceable rights to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Borrowings and debt securities are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings and debt securities are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings and debt securities using the effective interest method. Interest expense is chargeable on the amortised cost over the period of the borrowings and debt securities using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are amortisation as well as through the amortisation process.

Borrowings and debt securities which are due to be settled within 12 months after the end of reporting period are included in current liabilities in the statements of financial position even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of financial period. Borrowings and debt securities to be settled within the Group's normal operating cycle are classified as current. Other borrowings due to be settled more than 12 months after the end of reporting period are included in non-current liabilities in the statements of financial position.

Convertible bonds

Convertible bonds that can be converted into share capital where the number of shares issued does not vary with changes in fair value of the bonds are accounted for as compound financial instruments. The gross proceeds are allocated to the equity and liability components, with the equity component being assigned the residual amount after deducting the fair value of the liability component from the fair value of the compound financial instruments.

Subsequent to initial recognition, the liability component of convertible bonds is measured at amortised cost using the effective interest method. The equity component of convertible bonds is not re-measured. When the conversion option is exercised, its carrying amount will be transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(xv) Financial liabilities (Cont'd)

Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

(xvi) Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives as a hedge of a forecasted transaction or of the foreign currency risk on a firm commitment.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

The Group uses derivative instruments, such as cross currency and interest rate swaps as part of its asset and liability management activities to manage exposures to foreign currency and interest rate. The Group applies cash flow hedge accounting when transactions meet the specified criteria for hedge accounting treatment.

Cash flow hedge

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in the hedging reserve, while the ineffective portion is recognised in the profit or loss.

Changes in the carrying amount of cash flow hedges are charged to the hedging reserve in other comprehensive income. Amounts accumulated in other comprehensive income are recycled to the profit or loss in the periods when the hedged item affects profit or loss. When the hedged transaction results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the initial measurement of the cost of the asset or liability.

When a cash flow hedging instrument expires or sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss reported in other comprehensive income is immediately transferred to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(xvi) Derivative financial instruments and hedging activities (Cont'd)

Derivatives financial instruments not designated as hedging instruments
Derivative financial instruments are not designated as hedging instruments, in individual contracts or separated from hybrid financial instruments, are initially recognised at fair value on the date of the derivative contract is entered into and subsequently re-measured at fair value. Such derivative financial instruments are accounted for as financial assets or financial liabilities at fair value through profit or loss. Gains or losses arising from changes in fair value are recorded directly in profit or loss for the year.

(xvii) Leases

Where the Group is the Lessee,

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Property, plant and equipment"

Operating leases

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the profit or loss when incurred.

Contingent rents are mainly determined as a percentage of revenue in excess of a specified amount during the month. They are charged to the profit or loss when incurred.

Where the Group is the lessor,

Finance leases

Where assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the lease term using the net investment method, which reflects a constant periodic rate of return.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(xvii) Leases (Cont'd)

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(xviii) Income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Based on Government Regulation of the Republic of Indonesia (RI) No. 71/2008 dated November 4, 2008, companies whose main activity is sales of land and buildings, is subject to final tax for each payment on sales of land and factory (including condominiums and cottages) starting January 1, 2009

Based on Government Regulation of RI No. 5/2002 dated March 23, 2002, each rental payment on the rental of buildings is subject to final tax of 10% from the gross rental amount starting May 1, 2002.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(xix) Employee benefits

Pension obligations

The Group participates in national pension schemes as defined by the laws of the countries in which it operates. As required by Indonesian Law, the Group makes contributions to the defined contributions state pension scheme, Jamsostek contributions, which are recognised as compensation expense in the same period as the employment that gives rise to the contributions. The ASTEK fund from Jamsostek contributions is responsible for the entire insurance claim relating to accidents incurred by the employees at the work place and for the entire retirement benefit obligations of the related employees under the said state pension scheme.

The Group also makes contributions to a defined contribution pension plan which is administered by legal entity, "Dana Pensiun Lembaga Keuangan Indolife Pensiontama" and "Dana Pensiun Indomobil Group" for certain employees. The contributions are recognised as an expense in the same period as the employment that gives rise to the contributions.

The Company and its subsidiaries operating in Singapore contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to the national pension scheme are charged to the profit or loss in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for unconsumed leave as a result of services rendered by employees up to the reporting period.

Provisions for employee service entitlements

The Group has recognised unfunded employee benefits liability in accordance with Indonesian Labor Law No. 13/2003 dated 25 March 2003 ("the Law").

The calculation is performed annually by qualified actuarists using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefits expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(xix) Employee benefits (Cont'd)

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors (and certain general managers) are considered key management personnel.

(xx) Impairment of non-financial assets

The carrying amounts of the Company's and Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill or other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount represents the value-in-use based on an internal discounted cash flow calculation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(xx) Impairment of non-financial assets (Cont'd)

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued assets was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of reporting period.

(xxi) Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company and the Group if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or the Group or of a parent of the Company.

(b) An entity is related to the Company and the Group if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(xxii) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and when specific criteria have been met for each of the Group's activities as described below:

(a) Sales of goods

Revenue from sales arising from physical delivery of the Group's products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincide with their delivery and acceptance.

(b) Sales of land and factory

Revenue from the sale of land and factory is recognised when all the following conditions have been satisfied:

- The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the enterprise; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group also considers:

- Commitment on delivery of key infrastructure to the sale site such that the buyer is able to access the land and commence construction
- The means of payment and evidence of the buyer's commitment to complete payment, for example, when the aggregate of the payments received, including the buyer's initial down payment, or continuing payments by the buyer, provide insufficient evidence of the buyer's commitment to complete payment.

If the above conditions are not met, the payments received are accounted for under the deposit method.

(c) Financial Services

Revenue from financial services is recognised over the term of the respective contracts based on a constant rate of return on the net investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(xxii) Revenue recognition (Cont'd)

(d) Rendering of services

Revenue from a contract to provide installation is recognised by reference to the stage of completion of the contract.

(e) Resort operations and ferry services

Revenue is recognised when the services are rendered.

(f) Golf and social facilities revenue

Revenue from golf and social facilities is recognised as goods are delivered or services rendered. Revenue from golf subscription fees is recognised over the period of the subscription.

(g) Rental income and rendering of service and maintenance

Revenue from rental, service and maintenance charges is recognised proportionately over the lease term. The aggregate cost of any incentives as a reduction of rental income is recognised proportionately over the lease term. Rental payments received in advance are recorded as unearned income and amortised proportionately over the lease term using the straight-line method. Deposits received from tenants are recorded as part of other current liabilities.

(h) Telecommunication service

Revenue from telecommunication services is recognised on the accrual basis. Revenue from telecommunication installation services is recognised at the time the installations are placed in service. Revenue from network interconnection with other domestic telecommunication carriers are recognised at the time connections takes place.

(i) Clinic operation

Income from clinic operation is recognised when medical services are rendered or when medical supplies are delivered to patients.

(j) Utilities revenue

Revenue from electricity and water supply is recognised upon delivery.

(k) Interest income

Interest income is recognised on a time-apportioned basis using the effective interest rate method.

(l) Dividends

Dividend income is recognised when the shareholders' right to receive the payment is established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(xxiii) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the related asset. Otherwise, borrowing costs are recognised as expenses when incurred. Borrowing costs consist of interests and other financing charges that the Group incurs in connection with the borrowing of funds.

Capitalisation of borrowing costs commences when the activities to prepare the qualifying asset for its intended use are in progress and the expenditures for the qualifying asset and the borrowing costs have been incurred. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets are substantially completed for their intended use.

Foreign exchange differences arising from foreign currency borrowings are capitalised to the extent that they are regarded as an adjustment to interest costs.

(xxiv) Bond issuance costs

Costs incurred in connection with the issuance of bonds by the Group were deferred and are being amortised using the effective interest rate method over the term of the bonds.

The balance of deferred bonds issuance costs is presented as a deduction from the outstanding bonds payable.

(xxv) Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Company and the Group are presented in Singapore dollars, which is also the functional currency of the Company.

(xxvi) Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the date of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in the profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designed and qualifying as net investment hedged and net investment in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2(d) Significant accounting policies (Cont'd)

(xxvi) Conversion of foreign currencies (Cont'd)

Transactions and balances (Cont'd)

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income within "finance cost". Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Group entities

The results and financial position of all the entities within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the end of the financial position date;

(ii) Income and expenses for each statements presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

(xxvii) Operating segments

For management purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segment under their charge. The segment managers are directly accountable to their chief executive officer who regularly reviews the segment results in order to allocate resources to the segments and to assess segment performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 Intangible assets

The Company

	Computer software $'000	Total $'000
Cost		
At 1 January 2014	477	477
Additions	12	12
At 31 December 2014	**489**	**489**
Additions	**53**	**53**
At 31 December 2015	**542**	**542**
Accumulated amortisation		
At 1 January 2014	98	98
Amortisation for the year	130	130
At 31 December 2014	**228**	**228**
Amortisation for the year	**143**	**143**
At 31 December 2015	**371**	**371**
Net book value		
At 31 December 2015	**171**	**171**
At 31 December 2014	261	261

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 Intangible assets (Cont'd)

The Group

	Goodwill $'000	Dealerships and Distributorships $'000	Computer software $'000	Total $'000
Cost				
At 1 January 2014	507,161	324,546	1,553	833,260
Additions	–	–	81	81
At 31 December 2014	**507,161**	**324,546**	**1,634**	**833,341**
Additions	**–**	**–**	**61**	**61**
Disposal	**–**	**–**	**(22)**	**(22)**
At 31 December 2015	**507,161**	**324,546**	**1,673**	**833,380**
Accumulated amortisation				
At 1 January 2014	–	10,818	1,106	11,924
Amortisation for the year	–	16,227	177	16,404
At 31 December 2014	**–**	**27,045**	**1,283**	**28,328**
Amortisation for the year	**–**	**16,227**	**181**	**16,408**
Disposal	**–**	**–**	**(22)**	**(22)**
At 31 December 2015	**–**	**43,272**	**1,442**	**44,714**
Net book value				
At 31 December 2015	**507,161**	**281,274**	**231**	**788,666**
At 31 December 2014	507,161	297,501	351	805,013

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 Intangible assets (Cont'd)

a. Goodwill

Impairment test for Goodwill

For the purpose of goodwill impairment testing, the carrying amount of goodwill is allocated to the Group's cash-generating units ("CGU") identified according to business segments.

A segment-level summary of the goodwill allocation is as follows:–

The Group	2015 $'000	2014 $'000
Resort operations	**1,164**	1,164
Property Development	**1,960**	1,960
Automotive	**504,037**	504,037
At 31 December 2015	**507,161**	507,161

The recoverable amount of a CGU was determined based on value-in-use calculation. The value-in-use calculation is a discounted cash flow model using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond five-year period were extrapolated using the estimated growth rates stated below.

Key assumptions used for value-in-use calculations:

	2015		
	Resort operations	Property development	Automotive
Gross margin[(1)]	**49.37%**	**30.59%**	**16.43%**
Growth rate[(2)]	**3.50%**	**4.00%**	**4.00%**
Discount rate[(3)]	**11.20%**	**12.28%**	**12.19%**

	2014		
	Resort operations	Property development	Automotive
Gross margin[(1)]	29.31%	21.98%	15.74%
Growth rate[(2)]	5.00%	3.50%	4.50%
Discount rate[(3)]	7.93%	6.11%	5.46%

(1) Budgeted gross margin

(2) Weighted average growth rate used to extrapolate cash flows beyond the budgeted period

(3) Pre-tax discount rate applied to the pre-tax cash flows projections

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of the market development. The weighted average growth rates reflected management's forecast relating to the relevant segments. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 Intangible assets (Cont'd)

a. Goodwill (Cont'd)

The Group believes that a decrease in the growth margin by 1% or a decrease in the growth rate by 1% used in the above assumptions are not likely to materially cause the recoverable amount to be lower than its carrying amounts for all the three CGUs.

b. Amortisation expense included in the profit or loss is analysed as follows:

The Group	2015 $'000	2014 $'000
General and administrative expenses	**16,408**	16,404
	16,408	16,404

4 Property, plant and equipment

The Company

	Furniture fixtures and equipment $'000	Office equipment $'000	Leasehold improvements $'000	Total $'000
Cost				
At 1 January 2014	82	186	357	625
Additions	–	50	–	50
Disposals	–	(5)	–	(5)
At 31 December 2014	**82**	**231**	**357**	**670**
Additions	**6**	**9**	**–**	**15**
Disposals	**–**	**(1)**	**–**	**(1)**
Reclassification	**3**	**(3)**	**–**	**–**
At 31 December 2015	**91**	**236**	**357**	**684**
Accumulated depreciation				
At 1 January 2014	61	166	350	577
Depreciation for the year	7	25	7	39
Disposals	–	(5)	–	(5)
At 31 December 2014	**68**	**186**	**357**	**611**
Depreciation for the year	**8**	**32**	**–**	**40**
Disposals	**–**	**(1)**	**–**	**(1)**
At 31 December 2015	**76**	**217**	**357**	**650**
Net book value				
At 31 December 2015	**15**	**19**	**–**	**34**
At 31 December 2014	14	45	–	59

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4 Property, plant and equipment (Cont'd)

The Group	Balance at 1.1.2015 $'000	Exchange translation difference $'000	Additions $'000	Reclassification/ transfers $'000	Disposals $'000	Balance at 31.12.2015 $'000
Cost						
Leasehold land	245,877	6,232	3,468	(48,323)	(1,607)	205,647
Land improvements	5,176	–	–	–	–	5,176
Landfill	4,242	–	–	–	–	4,242
Building and infrastructures	310,055	7,824	17,693	15,332	(4,987)	345,917
Golf course	25,307	–	–	–	–	25,307
Utilities plant and machinery	308,890	–	1,002	1,088	(3)	310,977
Machinery and equipment	193,689	11,646	5,060	(13,973)	(1,237)	195,185
Vessels and ferry equipment	53,748	–	2,023	1,027	(87)	56,711
Working wharf	1,685	–	–	–	–	1,685
Transportation equipment and vehicles	212,583	(6,372)	7,064	16,328	(6,557)	223,046
Medical equipment	819	–	5	87	–	911
Furniture, fixtures and equipment	27,094	(37)	1,048	(2,301)	(228)	25,576
Office equipment	59,301	(1,012)	5,310	(346)	(670)	62,583
Resort equipment	2,466	–	120	1	(128)	2,459
Reservoir	9,713	–	8	–	–	9,721
Telecommunication equipment	10,925	(281)	415	–	–	11,059
Leasehold improvements	12,862	1,284	21	8,600	–	22,767
Construction-in-progress	21,876	(4,290)	67,535	(48,933)	(5,730)	30,458
Total	**1,506,308**	**14,994**	**110,772**	**(71,413)**	**(21,234)**	**1,539,427**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4 Property, plant and equipment (Cont'd)

The Group	Balance at 1.1.2015 $'000	Exchange translation difference $'000	Depreciation for the year $'000	Reclassification/ transfers $'000	Disposals $'000	Balance at 31.12.2015 $'000
Accumulated depreciation						
Leasehold land	95,615	(1,788)	5,354	(7,653)	–	91,528
Land improvements	4,238	–	248	–	–	4,486
Landfill	2,392	–	288	–	–	2,680
Building and infrastructures	203,714	4,170	16,198	2,012	(1,611)	224,483
Golf course	11,390	–	544	–	–	11,934
Utilities plant and machinery	248,219	–	10,114	(820)	(3)	257,510
Machinery and equipment	93,372	2,485	10,611	3,586	(1,189)	108,865
Vessels and ferry equipment	30,755	–	2,675	–	(82)	33,348
Working wharf	1,685	–	–	–	–	1,685
Transportation equipment and vehicles	64,725	(1,513)	27,526	(13,371)	(4,161)	73,206
Medical equipment	767	–	17	87	–	871
Furniture, fixtures and equipment	21,552	(25)	1,174	78	(177)	22,602
Office equipment	30,963	(167)	8,924	1,038	(518)	40,240
Resort equipment	2,321	–	71	–	(128)	2,264
Reservoir	6,184	–	353	–	–	6,537
Telecommunication equipment	7,402	(237)	580	–	–	7,745
Leasehold improvements	4,621	325	1,924	1,804	903	9,577
Total	829,915	3,250	86,601	(13,239)	(6,966)	899,561

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4 Property, plant and equipment (Cont'd)

The Group	Balance at 31.12.2015 $'000	Balance at 1.1.2015 $'000
Net book value		
Leasehold land	114,119	150,262
Land improvements	690	938
Landfill	1,562	1,850
Building and infrastructures	121,434	106,341
Golf course	13,373	13,917
Utilities plant and machinery	53,467	60,671
Machinery and equipment	86,320	100,317
Vessels and ferry equipment	23,363	22,993
Working wharf	–	–
Transportation equipment and vehicles	149,840	147,858
Medical equipment	40	52
Furniture, fixtures and equipment	2,974	5,542
Office equipment	22,343	28,338
Resort equipment	195	145
Reservoir	3,184	3,529
Telecommunication equipment	3,314	3,523
Leasehold improvements	13,190	8,241
Construction-in-progress	30,458	21,876
Total	639,866	676,393

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4 Property, plant and equipment (Cont'd)

The Group	Balance at 1.1.2014 $'000	Exchange translation difference $'000	Additions $'000	Reclassification/ transfers $'000	Disposals $'000	Balance at 31.12.2014 $'000
Cost						
Leasehold land	205,925	3,884	41,719	2,453	(8,104)	245,877
Land improvements	5,176	–	–	–	–	5,176
Landfill	4,242	–	–	–	–	4,242
Building and infrastructures	286,692	1,744	14,488	8,213	(1,082)	310,055
Golf course	25,307	–	–	–	–	25,307
Utilities plant and machinery	308,744	–	360	76	(290)	308,890
Machinery and equipment	149,546	3,166	26,420	16,514	(1,957)	193,689
Vessels and ferry equipment	52,630	–	2,294	–	(1,176)	53,748
Working wharf	1,685	–	–	–	–	1,685
Transportation equipment and vehicles	186,101	4,217	9,651	19,620	(7,006)	212,583
Medical equipment	819	–	–	–	–	819
Furniture, fixtures and equipment	26,389	9	740	38	(82)	27,094
Office equipment	53,370	1,526	5,245	190	(1,030)	59,301
Resort equipment	2,417	–	23	46	(20)	2,466
Reservoir	9,713	–	–	–	–	9,713
Telecommunication equipment	10,590	131	204	–	–	10,925
Leasehold improvements	8,998	894	707	2,548	(285)	12,862
Construction-in-progress	25,823	(1,667)	78,637	(75,540)	(5,377)	21,876
Total	1,364,167	13,904	180,488	(25,842)	(26,409)	1,506,308

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4 Property, plant and equipment (Cont'd)

The Group	Balance at 1.1.2014 $'000	Exchange translation difference $'000	Depreciation for the year $'000	Reclassification/ transfers $'000	Disposals $'000	Balance at 31.12.2014 $'000
Accumulated depreciation						
Leasehold land	88,696	1,185	6,038	(272)	(32)	95,615
Land improvements	3,990	–	248	–	–	4,238
Landfill	2,104	–	288	–	–	2,392
Building and infrastructures	187,679	566	15,603	(3)	(131)	203,714
Golf course	10,846	–	544	–	–	11,390
Utilities plant and machinery	237,665	–	10,844	–	(290)	248,219
Machinery and equipment	84,870	1,475	8,764	(59)	(1,678)	93,372
Vessels and ferry equipment	29,138	–	2,789	–	(1,172)	30,755
Working wharf	1,685	–	–	–	–	1,685
Transportation equipment and vehicles	51,477	1,221	27,025	(10,702)	(4,296)	64,725
Medical equipment	751	–	16	–	–	767
Furniture, fixtures and equipment	20,509	8	1,116	–	(81)	21,552
Office equipment	22,775	452	8,611	30	(905)	30,963
Resort equipment	2,289	–	52	–	(20)	2,321
Reservoir	5,831	–	353	–	–	6,184
Telecommunication equipment	6,832	89	481	–	–	7,402
Leasehold improvements	3,359	130	1,121	59	(48)	4,621
Total	760,496	5,126	83,893	(10,947)	(8,653)	829,915

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4 Property, plant and equipment (Cont'd)

The Group	Balance at 31.12.2014 $'000	Balance at 1.1.2014 $'000
Net book value		
Leasehold land	150,262	117,229
Land improvements	938	1,186
Landfill	1,850	2,138
Building and infrastructures	106,341	99,013
Golf course	13,917	14,461
Utilities plant and machinery	60,671	71,079
Machinery and equipment	100,317	64,676
Vessels and ferry equipment	22,993	23,492
Working wharf	–	–
Transportation equipment and vehicles	147,858	134,624
Medical equipment	52	68
Furniture, fixtures and equipment	5,542	5,880
Office equipment	28,338	30,595
Resort equipment	145	128
Reservoir	3,529	3,882
Telecommunication equipment	3,523	3,758
Leasehold improvements	8,241	5,639
Construction-in-progress	21,876	25,823
Total	676,393	603,671

Depreciation expense

	Note	The Company 2015 $'000	The Company 2014 $'000	The Group 2015 $'000	The Group 2014 $'000
Depreciation expense charged to:					
Profit or loss	28	**40**	39	**86,601**	83,893
		40	39	**86,601**	83,893

(i) As at 31 December 2015, certain property, plant and equipment with carrying value totalling approximately $483,000,000 (2014 – $288,455,000) have been pledged as security to banks to secure borrowing and credit facilities for the Group (Note 17(i) and (iii)).

(ii) The carrying amount of transportation equipment and vehicles held under finance leases at 31 December 2015 amounted to $13,319,000 (2014 – $8,423,000) (Note 17(iv)).

The leasehold land on Bintan Island represents 1,676.72 ha used as site for utilities and common facilities under PT Bintan Resort Cakrawala.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4 Property, plant and equipment (Cont'd)

The details of the leasehold land ("Hak Guna Bangunan"/"HGB") under PT Bintan Resort Cakrawala comprise the following:

HGB	Expiration date
Land parcels AU1	13 December 2023 (66 ha)
Land parcels BT1a	16 February 2025 (50.72 ha)
Land parcels WR1	16 February 2025 (1,560 ha)

The leasehold land and property ("Hak Guna Bangunan"/"HGB") at Batam Island, which are leased from Batam Industrial Development Authority, are held for 30 years up to the following expiration dates:

HGB	Expiration date
PT Batamindo Investment Cakrawala (256.86 ha)	17 and 18 December 2019 (54.35 ha and 174.21 ha), 26 February 2025 (26.8 ha) and 1 July 2031 (1.5 ha)
PT Batamindo Executive Village (193 ha)	31 August 2020

PT Bintan Inti Industrial Estate's HGB at Bintan Island is valid for 30 years up to the following expiration dates:

HGB	Expiration date
PT Bintan Inti Industrial Estate (245.41 ha excluding land sold)	24 August 2075 (235.89 ha) and 13 December 2023 (9.52 ha)

The Group obtained approval from *Badan Pertanahan Nasional* to renew its HGB title over those land parcels for 20 years and also for another 30 years if the land parcels were utilised in accordance with their zone functions based on Government Decree No. 40/1993 article 4.

The details of the leasehold land ("Hak Guna Bangunan"/"HGB") under PT Indomobil Sukses Internasional Tbk and its subsidiaries comprise the following:

HGB	Expiration date
PT Indomobil Sukses Internasional Tbk. and its subsidiaries	26 July 2015 to 4 April 2044 (112.66 ha)

As at 31 December 2015, construction-in-progress at the Industrial Parks amounting to $8,842,000 (2014 – $1,725,000) includes all costs related to the construction of the industrial complex and supporting infrastructures and amenities. The accumulated costs will be transferred to the appropriate property and equipment and investment properties accounts upon completion.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4 Property, plant and equipment (Cont'd)

As at 31 December 2015, construction-in-progress at the Executive Village amounting to $992,000 (2014 – $992,000) represents all preliminary costs related to the construction of condominium and for golf course such as design, soil investigation and consultation fee.

As at 31 December 2015, construction-in-progress of PT Indomobil Sukses Internasional Tbk and its subsidiaries amounting to $17,913,000 (2014 – $16,915,000) represents all preliminary costs related to the construction of buildings and improvement and vehicles.

The remaining balance of construction-in-progress represents mainly all preliminary costs related to the construction of urban beach centre in Bintan Island which amounted to $2,711,000 (2014 – $2,244,000).

5 Investment properties

The Group	2015 $'000	2014 $'000
Cost		
Balance at beginning of year	**572,062**	571,321
Additions	**2,440**	588
Transfer	**48,323**	153
Balance at end of year	**622,825**	572,062
Accumulated depreciation		
Balance at beginning of year	**407,387**	384,830
Depreciation for the year (Note 28)	**23,025**	22,557
Transfer	**8,429**	–
Balance at end of year	**438,841**	407,387
Net book value	**183,984**	164,675
Rental income (Note 28)	**28,621**	26,587
Direct operating expenses arising from investment property that generated rental income (Note 28)	**(27,878)**	(23,714)
Gross profit arising from investment properties	**743**	2,873

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5 Investment properties (Cont'd)

Investment properties of the Group are held mainly for use by tenants under operating leases. The following are the details of the investment properties of the Group:

Description and location	Gross Area (approximately)
Factories, dormitories, commercial complex and housing in Batamindo Industrial Park, Batamindo Executive Village and Bintan Inti Industrial Estate situated at Batam Island and Bintan Island	813,136 sqm
Office buildings situated in Jakarta	4,354 sqm

As of 31 December 2015, the fair value of the investment properties situated at Batam and Bintan Island of $467,143,000 (2014 – $459,194,000) was based on valuation using the income approach/cost approach by independent professional valuers, KJPP Rengganis, Hamid & Rekan after taking into consideration the prevailing market conditions and other factors considered appropriate by the Directors, except for PT Batamindo Executive Village (PT BEV)'s investment properties. The net carrying values of PT BEV's investment properties as of 31 December 2015 amounted to $224,000 (2014 – $269,000) which approximates fair value based on management's estimates.

As of 31 December 2015, the fair value of the investment properties situated in Jakarta of $93,263,000 (2014 – $Nil) was based on valuation using the market approach, discounted cash flow method and cost approach by independent professional valuers, KJPP Tri, Santi and Rekan.

6 Subsidiaries

The Company	2015 $'000	2014 $'000
– quoted equity securities	**1,349,384**	1,349,384
– unquoted equity securities	**1,207,876**	1,207,876
	2,557,260	2,557,260

Management has determined that a subsidiary is considered material to the Group if the Group's share of ifs net tangible assets represents 20% or more of the Group's consolidated net tangible assets, of if the Group's share of its revenue accounts for 10% or more of the Group's consolidated revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6 Subsidiaries (Cont'd)

Details of the Group's material subsidiaries at the end of the reporting period are set out below:

Name	Place of incorporation/ and operation	Proposition of ownership interest and voting rights held by the Group 2015 %	2014 %	Principal activities
Held by the Company				
PT Indomobil Sukses Internasional Tbk ("PT IMAS")[1]	Indonesia	**71.49**	71.49	Investment holding
PT Batamindo Investment Cakrawala ("PT BIC")[2]	Indonesia	**99.99**	99.99	Development and management of industrial estate
Held by Verizon Resorts Limited				
PT Buana Megawisatama ("PT BMW")[3]	Indonesia	**99.99**	99.99	Wholesaler of hotels, resorts and golf courses, resort development activities and business management consultancy

Notes:

(1) Audited by Purwantono, Suherman & Surja, a member firm of Ernst & Young Global Limited

(2) Audited by Kosasih, Nurdiyaman, Tjahjo & Rekan, a member firm of Crowe Horwath International

(3) Audited by Drs Johan Malonda Mustika & Rekan

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6 Subsidiaries (Cont'd)

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Place of incorporation/ and operation	Number of subsidiaries	
		2015	**2014**
Car rental	Indonesia	**4**	4
Data Processing	Indonesia	**1**	–
Development, operation and management of industrial park/resorts/residential/ country club	Indonesia	**5**	5
Distributor/dealership	Indonesia	**47**	47
Dormant	Singapore	**1**	1
Dormant	Indonesia	**–**	1
Financing	Indonesia	**1**	1
Investment holding	British Virgin Islands	**2**	3
Investment holding	Indonesia	**2**	2
Investment holding	Malaysia	**1**	1
Investment holding	Seychelles	**1**	1
Investment holding	Singapore	**1**	1
Logistic	Indonesia	**1**	1
Management and consultancy services	Indonesia	**2**	2
Management and consultancy services	Singapore	**2**	2
Manpower Service	Indonesia	**1**	–
Manufacturing/assembling	Indonesia	**2**	2
Mining and exploration	Indonesia	**1**	1
Plantation/Forestry contractor	Indonesia	**2**	2
Press and dies manufacturing	Indonesia	**2**	2
Provision of ferry services	Singapore	**1**	1
Rental and Building Management	Indonesia	**1**	–
Repair	Indonesia	**1**	–
Telecommunication services	Indonesia	**1**	1
Trading	Indonesia	**8**	8
Workshop/gas station	Indonesia	**2**	2
		93	91

Shares held in PT BIC and PT BMW have been pledged as securities for bank borrowings (Note 17(iii)(b)).

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6 Subsidiaries (Cont'd)

a. Summarised Consolidated Statement of Financial Position

	PT Indomobil Sukses Internasional Tbk and its subsidiaries As at 31 December	
	2015	**2014**
	S$'000	**S$'000**
Current assets	**1,248,327**	1,257,189
Non-current assets	**1,192,302**	1,179,157
Current liabilities	**(1,340,696)**	(1,217,695)
Non-current liabilities	**(522,037)**	(559,442)
Equity attributable to owners of the Company	**(474,831)**	(558,194)
Non-controlling interests	**(103,065)**	(101,015)

b. Summarised Consolidated Statement of Comprehensive Income

	PT Indomobil Sukses Internasional Tbk and its subsidiaries For Year ended 31 December	
	2015	**2014**
	S$'000	**S$'000**
Revenue	**1,864,564**	2,074,000
Expenses	**(1,922,691)**	(2,086,708)
Loss for the year	**(58,127)**	(12,708)
Loss attributable to owners of the Company	**(60,045)**	(18,760)
Profit attributable to non-controlling interest	**1,918**	6,052
Loss for the year	**(58,127)**	(12,708)
Other comprehensive (expense)/income attributable to owners of the Company	**(21,306)**	17,415
Other comprehensive income attributable to non-controlling interest	**211**	2,879
Other comprehensive (expense)/income for the year	**(21,095)**	20,294
Total comprehensive expense attributable to owners of the Company	**(81,351)**	(1,345)
Total comprehensive income attributable to non-controlling interest	**2,129**	8,931
Total comprehensive (expense)/income for the year	**(79,222)**	7,586

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6 Subsidiaries (Cont'd)

c. Summarised Consolidated Statement of Cash Flows

	PT Indomobil Sukses Internasional Tbk and its subsidiaries For Year ended 31 December	
	2015	**2014**
	S$'000	**S$'000**
Net cash inflow from operating activities	**145,616**	56,129
Net cash outflow from investing activities	**(197,722)**	(65,206)
Net cash inflow from financing activities	**69,457**	9,166
Net cash inflow	**17,351**	89

7 Associates

	2015	**2014**
The Group	**$'000**	**$'000**
Unquoted equity investments, at cost		
Beginning of the year	**299,813**	289,863
Additions during the year	**12,073**	26,584
Disposal during the year	**(11,783)**	(16,634)
	300,103	299,813
Exchange translation difference	**(5,496)**	3,929
Share of post-acquisition reserves	**(78,449)**	(60,003)
Dividend paid by associates companies	**(753)**	(4,346)
	215,405	239,393

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

7 Associates (Cont'd)

Set out below are the associates of the Group as at 31 December 2015, which, in the opinion of the directors are material to the Group.

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by Group* 2015 %	2014 %
Indirectly held through PT IMAS's subsidiaries				
PT Hino Motor Sales Indonesia ("PT HMSI")[(1)]	Distributor	Indonesia	**28.6**	28.6
PT Nissan Motor Indonesia ("PT NMI")[(1)]	Manufacturing	Indonesia	**17.87**	17.87
PT Nissan Motor Distributor Indonesia ("PT NMDI")[(1)]	Distributor	Indonesia	**17.87**	17.87
PT Shinhan Indo Finance ("PT SIF")[(2)]	Financing	Indonesia	**17.56**	17.56

* These represent the effective interest percentage held by Group

(1) Audited by Purwantono, Suherman & Surja, a member of Ernst & Young Global Limited

(2) Audited by Johan Malonda Mustika & Rekan

All of these associates are accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements in accordance with FRSs.

a. Summarised Statements of Financial Position

	PT HMSI Year ended 31.12.2015 S$'000	PT HMSI Year ended 31.12.2014 S$'000	PT NMI Year ended 31.12.2015 S$'000	PT NMI Year ended 31.12.2014 S$'000
Current assets	**308,256**	486,798	**302,684**	333,440
Non-current assets	**19,241**	14,621	**265,370**	288,612
Current Liabilities	**(271,882)**	(435,987)	**(229,829)**	(230,773)
Non-current liabilities	**(730)**	(711)	**(5,141)**	(4,005)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

7 Associates (Cont'd)

a. Summarised Statements of Financial Position (Cont'd)

	PT NMDI Year ended		PT SIF Year ended	
	31.12.2015 S$'000	**31.12.2014 S$'000**	**31.12.2015 S$'000**	**31.12.2014 S$'000**
Current assets	**146,350**	171,123	**83,026**	94,609
Non-current assets	**26,843**	18,058	**1,952**	4,568
Current Liabilities	**(149,567)**	(150,023)	**(67,129)**	(15,565)
Non-current liabilities	**(1,922)**	(1,719)	**(513)**	(65,755)

b. Summarised Statements of Comprehensive Income

	PT HMSI Year ended		PT NMI Year ended	
	31.12.2015 S$'000	**31.12.2014 S$'000**	**31.12.2015 S$'000**	**31.12.2014 S$'000**
Revenue	**641,541**	750,311	**447,508**	513,853
Profit/(loss) from continuing operations	**20,545**	(5,545)	**(56,876)**	(73,932)
Other comprehensive expense for the year	**(17,927)**	–	**(987)**	–
Total comprehensive income/ (expense) for the year	**2,618**	(5,545)	**(57,863)**	(73,932)
Dividends received from the associate during the year	**–**	9,144	**–**	–

	PT NMDI Year ended		PT SIF Year ended	
	31.12.2015 S$'000	**31.12.2014 S$'000**	**31.12.2015 S$'000**	**31.12.2014 S$'000**
Revenue	**552,260**	643,958	**11,436**	14,337
(Loss)/profit from continuing operations	**(31,181)**	(41,354)	**1,129**	1.989
Other comprehensive income/ (expense) for the year	**10,999**	–	**(304)**	–
Total comprehensive (expense)/ income for the year	**(20,182)**	(41,354)	**825**	1,989

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

7 Associates (Cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates recognised in the consolidated financial statements:

The Group	2015 $'000	2014 $'000
Net assets of the associates	**427,009**	507,291
Proportion of the Group's ownership interest in the associates	**82,148**	83,073
Other adjustments (PPA adjustment)	**67,049**	67,049
Carrying amount	**149,197**	150,122
Add:		
Carrying amount of individually immaterial associates	**66,208**	89,271
Carrying amount of the Group's interest in associates	**215,405**	239,393

<u>Aggregate information of associates that are not individually material</u>

Summarised Statements of Comprehensive Income

The Group	2015 $'000	2014 $'000
(Loss)/profit from continuing operations	**(2,328)**	1,853
Other comprehensive income for the year	**–**	–
Total comprehensive (expense)/income for the year	**(2,328)**	1,853

8 Financing receivables

The following consists of consumer financing receivables and investment in finance leases from subsidiaries engaged in financial services.

The Group	2015 $'000	2014 $'000
Current		
Net investment in financing leases	**238,105**	238,032
Consumer financing receivables – net	**184,978**	170,543
	423,083	408,575
Non-Current		
Net investment in financing leases	**190,703**	202,158
Consumer financing receivables – net	**193,285**	155,352
	383,988	357,510
	807,071	766,085

As at 31 December 2015, financing receivables amounting to $406 million (2014 – $326 million) and $131 million (2014 – $144 million) have been pledged as security for borrowings (Note 17(iii)) and debt securities (Note 18) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8 Financing receivables (Cont'd)

The effective interest rates of consumer financing receivables in Indonesian Rupiah are ranging from 11.48% to 35.23% and 9.00% to 9.41% in US dollar as of 31 December 2015 (2014 – 10.84% to 36.39% and 8.68% to 9.37% in US dollar).

The effective interest rates of net investment in financing leases in Indonesian Rupiah are ranging from 11.03% to 19.15% and 8.38% to 9.80% in US dollar as of 31 December 2015 (2014 – 8.46% to 19.96% and 7.25% to 9.38% in US dollar).

(a) Consumer financing receivables-net

	Include unearned consumer financing receivables		**Exclude unearned consumer financing receivables**	
The Group	**2015 $'000**	**2014 $'000**	**2015 $'000**	**2014 $'000**
Third Parties				
Within one year	**233,092**	216,417	**187,480**	173,050
Between 2 – 5 years	**235,788**	187,121	**195,899**	157,607
After 5 years	**–**	2	**–**	2
Total	**468,880**	403,540	**383,379**	330,659
Less allowance for impairment losses	**(5,116)**	(4,764)	**(5,116)**	(4,764)
Consumer financing receivables – net	**463,764**	398,776	**378,263**	325,895

The ageing of consumer financing receivables past due but not impaired as at 31 December 2015 is as follows:

The Group	**2015 $'000**	**2014 $'000**
Past due 1 – 30 days	**4,499**	4,553
Past due 31 – 60 days	**2,367**	1,809
Past due more than 60 days	**1,407**	1,229
	8,273	7,591

Consumer financing receivables that were neither past due nor impaired amounting to $455,491,000 (2014 – $391,185,000) for the Group were related to customers for whom there was no recent history of default. Consumer financing receivables that were past due but not impaired related to customers that have a good track record with the Group. Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of consumer financing receivables not past due or past due over 60 days. These receivables are mainly arising from customers that have a good credit record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8 Financing receivables (Cont'd)

(a) Consumer financing receivables-net (Cont'd)

Movements in the allowance for impairment of consumer financing receivables are as follows:

The Group	2015 $'000	2014 $'000
Beginning of the year	**4,764**	4,396
Allowance for the year	**22,797**	12,747
Written off during the year	**(22,283)**	(12,474)
Translation differences	**(162)**	95
Balance at end of the year	**5,116**	4,764

Management believes that the above allowance for impairment losses on consumer financing receivables is adequate to cover possible losses that may arise from non-cancellation of financing receivables.

The consumer financing receivables are denominated in the following currencies:

The Group	2015 $'000	2014 $'000
Indonesian rupiah	**374,265**	316,015
United States dollar	**3,998**	9,880
	378,263	325,895

The consumer financing debtors relate primarily to the Group's motor vehicle and motorcycle financing. Before accepting new customers, the Group assesses the potential customers' credit worthiness and sets credit limits by using its internal systems. The receivables given to the customers for financing of vehicles are secured by Certificates of Ownership (BPKB) or other documents of ownership which give the Group the right to sell the repossessed collateral or take any other action to settle the outstanding debt.

The loan period ranges from 12 to 36 months for motorcycles, 12 to 60 months for passenger cars and 12 to 36 months for commercial vehicles and heavy equipment and machinery. Default or delinquency in payment is considered an indicator that the debtor balances are impaired. An allowance for impairment is made based on the estimated irrecoverable amount by reference to past default experience. The Group has the right to repossess the assets whenever its customers default on their instalment obligations. It usually exercises its right if the loan has been overdue for 30 days or longer for motorcycle and passenger car and 60 days or longer for commercial vehicle and heavy equipment and machinery. Management has considered the balances against which collective impairment provision is made as impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8 Financing receivables (Cont'd)

(b) Net investment in financing leases

	Gross investments		Net investments	
	2015	**2014**	**2015**	**2014**
The Group	**$'000**	**$'000**	**$'000**	**$'000**
Third Parties				
Within one year	**288,112**	284,054	**241,679**	242,489
Between 2 – 5 years	**225,023**	232,963	**194,030**	205,872
	513,135	517,017	**435,709**	448,361
Related parties				
Within one year	**607**	–	**569**	–
Residual value	**282,663**	200,726	**282,663**	200,726
Security deposits	**(282,663)**	(200,726)	**(282,663)**	(200,726)
Less: allowance for impairment losses	**(7,470)**	(8,171)	**(7,470)**	(8,171)
Investment in financing lease – net	**506,272**	508,846	**428,808**	440,190

Gross investments include unearned lease income.

All the net investment in financing leases are not past due and not impaired related to customers for whom there was no history of default. The Group believes that no impairment allowance is necessary in respect of the financing receivables as these are mainly arising from customers that have a good credit record with the Group.

Movements in the allowance for impairment of net investment in finance lease are as follows:

	2015	**2014**
The Group	**$'000**	**$'000**
Beginning of the year	**8,171**	5,293
Allowance for the year	**5,504**	4,955
Written off during the year	**(5,930)**	(2,175)
Translation differences	**(275)**	98
Balance at end of the year	**7,470**	8,171

The Group believes that the above allowance for impairment losses on financing receivables on net investment in finance lease is adequate to cover possible losses that may arise from non-cancellation of financing receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8 Financing receivables (Cont'd)

(b) Net investment in financing leases (Cont'd)

The financing receivables on net investment in financing lease are denominated in the following currencies:

The Group	2015 $'000	2014 $'000
Indonesian rupiah	**282,370**	224,566
United States dollar	**146,438**	215,624
	428,808	440,190

9 Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred income tax assets against deferred income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

The Company	2015 $'000	2014 $'000
Deferred tax assets		
To be recovered within one year	**–**	–
To be recovered after one year	**6,502**	6,211
	6,502	6,211
The Group		
Deferred tax assets		
To be recovered within one year	**–**	–
To be recovered after one year	**40,527**	44,087
	40,527	44,087
Deferred tax liabilities		
To be recovered within one year	**–**	–
To be recovered after one year	**95,681**	97,882
	95,681	97,882

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9 Deferred taxation (Cont'd)

The balance of deferred tax assets and liabilities comprise tax on:–

The Company	Balance at 1 January 2015 $'000	Charged/ (credited) to profit or loss $'000	Balance at 31 December 2015 $'000
Deferred tax assets			
Fiscal loss net of expired tax loss	**6,481**	**250**	**6,731**
Property, plant and equipment	**(74)**	**52**	**(22)**
Interest income	**(196)**	**(11)**	**(207)**
	6,211	**291**	**6,502**

The Company	Balance at 1 January 2014 $'000	Charged/ (credited) to profit or loss $'000	Balance at 31 December 2014 $'000
Deferred tax assets			
Fiscal loss net of expired tax loss	1,356	5,125	6,481
Property, plant and equipment	(5)	(69)	(74)
Interest income	(7)	(189)	(196)
	1,344	4,867	6,211

The Group	Balance at 1 January 2015 $'000	Credited/ (charged) to profit or loss (Note 29) $'000	Charge to OCI for the year $'000	Foreign exchange difference $'000	Balance at 31 December 2015 $'000
Deferred tax assets					
Fiscal loss net of expired tax loss	**37,237**	**4,369**	**–**	**(1,024)**	**40,582**
Estimated liability for employee service entitlements	**4,459**	**821**	**544**	**(145)**	**5,679**
Allowance for impairment loss of receivables	**357**	**285**	**–**	**(13)**	**629**
Allowance for impairment loss of investments	**2,607**	**–**	**–**	**(88)**	**2,519**
Valuation allowance	**–**	**(1)**	**–**	**–**	**(1)**
Property, plant and equipment	**(6,033)**	**(7,988)**	**–**	**187**	**(13,834)**
Foreclosed and intangible assets	**496**	**779**	**–**	**(18)**	**1,257**
Lease transaction	**335**	**(161)**	**–**	**(11)**	**163**
Others	**4,629**	**(935)**	**–**	**(161)**	**3,533**
	44,087	**(2,831)**	**544**	**(1,273)**	**40,527**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9 Deferred taxation (Cont'd)

The Group	Balance at 1 January 2015 $'000	Credited/ (charged) to profit or loss (Note 29) $'000	Charge to OCI for the year $'000	Foreign exchange difference $'000	Balance at 31 December 2015 $'000
Deferred tax liabilities					
Fiscal loss net of expired tax loss	**643**	**(807)**	**–**	**(19)**	**(183)**
Estimated liability for employee service entitlements	**583**	**102**	**(49)**	**(15)**	**621**
Property, plant and equipment	**(4,628)**	**(2,049)**	**–**	**138**	**(6,539)**
Allowance for impairment loss of receivables	**42**	**31**	**–**	**–**	**73**
Interest income	**(1)**	**–**	**–**	**–**	**(1)**
Associates	**(16,810)**	**–**	**–**	**–**	**(16,810)**
Amortisation of distributorships and dealerships	**(74,420)**	**4,059**	**–**	**–**	**(70,361)**
Others	**(3,291)**	**(224)**	**–**	**1,034**	**(2,481)**
	(97,882)	**1,112**	**(49)**	**1,138**	**(95,681)**

The Group	Balance at 1 January 2014 $'000	Credited/ (charged) to profit or loss (Note 29) $'000	Charge to OCI for the year $'000	Foreign exchange difference $'000	Balance at 31 December 2014 $'000
Deferred tax assets					
Fiscal loss net of expired tax loss	27,904	8,150	–	1,183	37,237
Estimated liability for employee service entitlements	3,522	886	(16)	67	4,459
Allowance for impairment loss of receivables	228	125	–	4	357
Allowance for impairment loss of investments	2,551	–	–	56	2,607
Valuation allowance	(1,046)	1,046	–	–	–
Property, plant and equipment	(4,362)	(1,605)	–	(66)	(6,033)
Foreclosed and intangible assets	445	42	–	9	496
Lease transaction	129	205	–	1	335
Others	5,409	(903)	–	123	4,629
	34,780	7,946	(16)	1,377	44,087

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9 Deferred taxation (Cont'd)

The Group	Balance at 1 January 2014 $'000 Restated	Credited/ (charged) to profit or loss (Note 29) $'000	Charge to OCI for the year $'000	Foreign exchange difference $'000	Balance at 31 December 2014 $'000
Deferred tax liabilities					
Fiscal loss net of expired tax loss	715	(102)	–	30	643
Estimated liability for employee	402	106	67	8	583
Property, plant and equipment	(3,075)	(1,548)	–	(5)	(4,628)
Allowance for impairment loss of receivables	63	(21)	–	–	42
Interest income	(1)	–	–	–	(1)
Associates	(16,810)	–	–	–	(16,810)
Amortisation of distributorships and dealerships	(78,479)	4,059	–	–	(74,420)
Others	(2,679)	(499)	–	(113)	(3,291)
	(99,864)	1,995	67	(80)	(97,882)

Unrecognised taxable temporary differences associated with investments in subsidiaries and associates

Deferred income tax liabilities of $70,000,000 (2014 – $58,000,000) have not been recognised for withholding and other taxes that will be payable on the earnings of overseas subsidiaries and associates when remitted to the holding company.

10 Other non-current assets

	Note	The Company 2015 $'000	The Company 2014 $'000	The Group 2015 $'000	The Group 2014 $'000
Unquoted investments in shares of stock					
– at cost					
Beginning of the year		**–**	–	**37,666**	37,043
Acquisition of subsidiaries		**–**	–	**–**	–
Addition during the year		**–**	–	**2,284**	33
Disposal during the year				**(698)**	–
Translation differences		**–**	–	**(942)**	590
				38,310	37,666
– allowance for impairment losses	(i)	**–**	–	**(10,000)**	(10,000)
		–	–	**28,310**	27,666

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10 Other non-current assets (Cont'd)

	Note	The Company 2015 $'000	The Company 2014 $'000	The Group 2015 $'000	The Group 2014 $'000
Quoted investment in shares of stock					
Beginning of the year		**–**	–	**79,367**	72,120
Acquisition of subsidiaries		**–**	–	**–**	–
Fair value reserve		**–**	–	**(13,139)**	5,558
Translation difference		**–**	–	**(2,138)**	1,689
	(ii)	**–**	–	**64,090**	79,367
Derivative assets	23	**–**	–	**32,325**	59,231
Loan receivable	(iii)	**–**	–	**–**	47,500
Note receivables	(iv)	**7,074**	6,617	**261,414**	260,957
Golf membership	(v)	**–**	–	**–**	1,607
Interest and other receivable from notes receivable	(iv)	**4,232**	3,354	**193,306**	117,931
Estimated claims for tax refund		**–**	–	**28,889**	32,727
Restrictive cash in banks and time deposits		**–**	–	**349**	928
Other receivables		**–**	–	**17,592**	17,169
Prepayment and deposits		**343**	188	**704**	991
		11,649	10,159	**626,979**	646,074

(i) Included in the unquoted investments in shares of stock is a subsidiary's shares of approximately 10% of total shares in Bintan Lagoon Resort Ltd ("BLRL") and are classified as available-for-sale financial assets. There is also no active market for the equity interest as the purchase agreement stipulated the requirement to sell all interests to the main shareholder, when the need arises. As such, it is not practicable to determine with sufficient reliability the fair value of the unquoted equity shares. The carrying amount of the unquoted equity investments has been fully impaired due to carrying amount of BLRL had been below cost for prolonged period.

(ii) The quoted equity investments represent the Group's investment in shares of PT Mutistrada Arah Sarana Tbk. which are listed on Indonesian Stock Exchange. These are classified as available-for-sale financial assets and stated at fair value.

Subsequent to the end of the reporting period, there was a further decline on the quoted prices of the available-for-sale financial assets which would have resulted in a further decline in fair value of $28,484,000.

(iii) The original convertible loan receivable of approximately $62,046,000 was unsecured and was convertible at the option of its subsidiary, Verizon Resorts Limited ("VRL"), into shares in the capital of PT Alam Indah Bintan ("PT AIB") at the par value of each PT AIB share of US$1. The conversion price was agreed between the parties taking into account the unaudited net liabilities of PT AIB as at 31 December 2004 of approximately $14,900,000. Interest on the loan is at the rate of 1.5% above the Singapore Inter-bank Offer Rate ("SIBOR") on a quarterly basis per annum. The PT AIB Convertible Loan shall be settled via repayment and/or the issue of PT AIB shares pursuant to the exercise of the option, in any event by 31 December 2009.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10 Other non-current assets (Cont'd)

On 31 December 2009, PT AIB made a payment of principal and interest amounting to approximately $13,300,000. The outstanding principal amount under PT AIB convertible bond after the repayment is $60,000,000 and both parties have agreed to extend the tenure of the convertible bond from 31 December 2009 to 31 December 2010. The interest on the extended loan is at the rate of 1.75% above the SIBOR on a quarterly basis per annum.

On 3 September 2010, PT AIB made another repayment of principal and interest amounting to approximately $13,600,000 and reduced the balance of the convertible bond to $47,500,000. The tenure of the convertible bond has been extended to 31 December 2015, though it is expected to be recovered after that.

The interest on the extended loan is at the rate of 4.75% above the SIBOR on a quarterly basis per annum. During the year, the convertible bond of S$47,500,000 together with the accrued interest has been fully repaid by PT AIB.

(iv) Interest receivable from Note Receivables

Market Strength Limited ("MSL")

On 10 March 2010, the Group entered into an Investment Agreement with Market Strength Limited ("MSL") which has the right to acquire interest in prime property in Lao Xi Men ("LXM"), Shanghai, the People's Republic of China and subscribed US$202,500,000 notes with detachable warrants.

The notes bear interest at 6 month SIBOR plus 5.75% per annum and at 6 month LIBOR plus 5.75% per annum for US$72,500,000 and US$130,000,000 respectively from total notes. On 22 February 2012, the terms of the notes have been amended by way of a supplemental deed. The notes now bear interest at 3 month LIBOR plus 6.25% per annum and 3 month LIBOR plus 7% per annum for US$52,500,000 and US$150,000,000 respectively. On 7 August 2015, the terms of the notes have been further amended to bear interest rate at 3 month SIBOR plus 5.10% per annum and 3 month SIBOR plus 5.70% for US$163,880,000 and US$38,620,000 respectively from total notes.

It matures in February 2018.

The proceeds from the issuance of the notes with warrants will be utilised in connection with the acquisition of the above property.

Each warrant entitles the Group to subscribe for one new share in MSL at an exercise price for each new share equal to its par value. The exercise price for each warrant (which is subject to adjustment under certain circumstances) is US$1 and the aggregate exercise price for the warrants is US$202,500,000. Payment of the exercise price shall be made in cash or notes of principal amount equal to the full amount of the exercise price payable in respect of the warrants exercised, or a combination of both. At 31 December 2015, all the warrants remain unexercised.

Super Concord Holdings Limited

On 30 September 2010, the Company entered into an assignment agreement with MSL, whereas MSL agreed to assign US$5,000,000 notes receivable from Super Concord Holdings Limited to the Company as a discharge of MSL's debt to the Company. The notes bear interest at 9% per annum and are due on 1 December 2015. The notes receivable has been extended to 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10 Other non-current assets (Cont'd)

(v) Golf membership represents the value of non-refundable unsold golf membership. Due to the low market demand for golf membership, the Group wrote down the non-refundable membership to its recoverable amount. The recoverable amount is based on the published market price of the golf membership which is ranging from $5,000 to $8,000 for each golf membership as of 31 December 2015. (2014 – $5,000 to $8,000)

11 Land inventories

The Group	2015 $'000	2014 $'000
Land for sale, at cost	**630,027**	609,798

As at 31 December 2015, PT SBP's land inventories comprise 3,744 ha (2014 – 3,744 ha) with Building Use Right ("HGB"). Part of the land's HGB for 3,285 ha (2014 – 3,285 ha) will expire in 30 years while the HGB of 459 ha (2014 – 459 ha) has been extended and renewed for period of 80 years.

As at 31 December 2015, PT BMW's land inventories comprise 13,932 ha (2014 – 13,932 ha) of land with HGB certificates. Part of the land's HGB amounting to 12,160 ha (2014 – 12,126 ha) will expire in 30 years while the HGB of 1,772 ha (2014 – 1,806 ha) has been extended and renewed for a period of 80 years.

12 Other inventories

The Group	2015 $'000	2014 $'000
Finished/trading goods[1]	**209,714**	273,468
Work-in-progress	**1,688**	1,476
Raw and indirect materials	**4,591**	8,186
Spare parts	**65,652**	66,914
Inventories-in-transit	**1,570**	2,026
Fuel and lubrication oil	**4,215**	4,108
Consumables and supplies	**6,566**	5,641
Others	**6,549**	6,842
Allowance for inventories obsolescence	**(1,940)**	(2,151)
	298,605	366,510

(1) The finished/trading goods consist of automobiles, motorcycles and stamping dies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12 Other inventories (Cont'd)

Movements in the allowance for inventories obsolescence are as follows:

	2015 $'000	2014 $'000
Beginning of the year	**2,151**	2,125
Allowance for the year	**–**	113
Written off during the year	**107**	–
Reversal of allowance during the year	**–**	(102)
Translation differences	**(318)**	15
End of the year	**1,940**	2,151

In 2015, $Nil (2014 – $11,000) was recognised to profit or loss as inventory obsolescence due to slow moving consumables and supplies.

The reversal of allowance during the prior year were made when the related inventories were sold above their carrying amount in previous periods.

Inventories amounting to $248 million at 31 December 2015 (2014 – $218 million) have been pledged as collateral for bank borrowing (Note 17(i) and (iii)) and debt securities (Note 18).

13 Trade and other receivables

	Note	The Company 2015 $'000	The Company 2014 $'000	The Group 2015 $'000	The Group 2014 $'000
Trade receivables					
– related parties		–	–	**49,312**	23,471
– external parties		–	–	**291,434**	373,850
Impairment of trade receivables		–	–	**(8,796)**	(6,181)
Net trade receivables	(i)	–	–	**331,950**	391,140
Other receivables:					
Refundable deposits		**156**	94	**177**	114
Prepayments		**1,459**	1,223	**56,461**	49,280
Amount owing by subsidiaries		**56,790**	117,295	**–**	–
Amount owing by related parties		**20**	16	**44,942**	47,672
Interest receivables		**–**	–	**188**	6,237
Foreclosed assets	22	**–**	–	**17,544**	5,204
Others		**434**	1,357	**73,312**	47,966
		58,859	119,985	**192,624**	156,473
Impairment of other receivables		**–**	–	**(1,535)**	(1,159)
Net other receivables	(ii)	**58,859**	119,985	**191,089**	155,314
Total	(i) + (ii)	**58,859**	119,985	**523,039**	546,454

Included in Others is one of the subsidiary's short term investments of $28,956,000 (2014 – $Nil) with investment institutions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13 Trade and other receivables (Cont'd)

Trade and other receivables are denominated in the following currencies:

	The Company		The Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Singapore dollar	**58,225**	119,487	**79,108**	125,097
Indonesian rupiah	**–**	–	**340,361**	68,317
United States dollar	**634**	498	**101,591**	348,080
Euro	**–**	–	**1,706**	3,808
Swedish Krona	**–**	–	**273**	1,110
Others	**–**	–	**–**	42
	58,859	119,985	**523,039**	546,454

The ageing of trade and other receivables past due but not impaired is as follows:

	The Company		The Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Past due 1 – 30 days	**–**	–	**65,139**	72,417
Past due 31 – 90 days	**–**	–	**31,094**	22,702
Past due more than 90 days	**401**	399	**202,563**	237,558
	401	399	**298,796**	332,677

Trade and other receivables that were neither past due nor impaired amounting to $58,458,000 (2014 – $119,586,000) and $224,243,000 (2014 – $213,777,000) for the Company and the Group respectively related to a wide range of customers for whom there was no recent history of default. Trade and other receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade and other receivables not past due or past due over 90 days. These receivables are mainly arising from customers that have a good credit record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13 Trade and other receivables (Cont'd)

The movements in allowance for impairment losses on doubtful receivables in respect of trade and other receivables were as follows:

The Group	Allowance for impairment losses on trade receivables		Allowance for impairment losses on other receivables	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At 1 January	**6,181**	4,234	**1,159**	1,136
Allowance during the year	**2,961**	2,351	**312**	23
Allowance utilised	**(94)**	(105)	**–**	–
Reversal of allowance during the year	**(169)**	(301)	**–**	–
Translation differences	**(83)**	2	**64**	–
At 31 December	**8,796**	6,181	**1,535**	1,159

The reversal of allowance was due to the doubtful debts recovered from receivables which were previously provided for.

The average credit period for external and related parties on sales of goods and services varies among the Group's businesses but it is not more than 90 days and do not bear any interest. The credit quality of trade and other receivables is assessed based on credit policies established by the individual Group businesses. Significant financial difficulties of a trade and other debtor, probability that the trade and other debtor will enter bankruptcy or delinquency in payment are considered indicators that the trade and other debtor is impaired and an allowance for impairment is made based on the estimated irrecoverable amount determined by reference to past default experience.

As at 31 December 2015, certain trade and other receivables amounting to approximately $367 million (2014 – $315 million) were pledged to banks to secure borrowing and credit facilities of the Group (Note 17 (i) and (iii)) and debt securities (Note 18).

The non-trade amount owing by subsidiaries represents loans, which are interest-bearing, and advanced payment of expenses is unsecured and repayable on demand.

The non-trade amount owing by related parties represents mainly advanced payment of expenses, is non-interest bearing, unsecured and repayable on demand.

The related parties are corporate entities who are subject to common control or common significant influence by a shareholder of the Company, including fellow subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14 Cash and cash equivalents

	The Company		The Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Cash at bank and on hand	**18,024**	475	**156,413**	126,039
Time deposits	**50**	50	**45,508**	35,253
	18,074	525	**201,921**	161,292

(i) Interest rates on time deposits (per annum) are as follows:

	2015	2014
Singapore dollar	**0.05%**	0.05%
Indonesian rupiah	**4.00% – 10.35%**	4.5% – 10.75%

(ii) The cash and cash equivalents are denominated in the following currencies:

	The Company		The Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Singapore dollar	**16,667**	389	**43,193**	25,141
United States dollar	**217**	6	**19,129**	27,386
Indonesian rupiah	**1,186**	126	**124,433**	106,356
Others	**4**	4	**15,166**	2,409
	18,074	525	**201,921**	161,292

15 Share capital

The Company and The Group	No. of ordinary share	Amount $'000
2015		
Issued and fully paid, with no par value		
Beginning and end of financial year	**4,824,965,112**	**1,880,154**

The Company and The Group	No. of ordinary share	Amount $'000
2014		
Issued and fully paid, with no par value		
Beginning and end of financial year	4,824,965,112	1,880,154

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets. The shares have no par value.

The Company did not hold any treasury shares as at 31 December 2015 (2014 – Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16 Reserves

		The Company		The Group	
		31 December		31 December	
	Note	2015	2014	2015	2014
		$'000	$'000	$'000	$'000
					Restated
Capital reserve	(a)	**80,000**	80,000	**(105,771)**	(105,771)
Translation reserve	(b)	**–**	–	**(71,217)**	(62,341)
Hedging reserve	(c)	**–**	–	**6,803**	3,446
Fair value reserve	(d)	**–**	–	**(9,661)**	(315)
Other reserves	(e)	**–**	–	**3,027**	5,872
		80,000	80,000	**(176,819)**	(159,109)

The capital reserve comprises equity component of convertible notes and effects of transaction with non-controlling interest.

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations.

The hedging reserve comprises the effective portion of the cumulative change (net of taxes) in the fair value of cash flow hedging instruments related to hedged transactions that have not yet affected profit or loss.

Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Other reserves comprise of the differences arising from the change in equity of subsidiaries, effects of transaction with non-controlling interest and actuarial losses.

Movement of reserves is as follows:

(a) Capital reserve

	The Company		The Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
				Restated
Beginning of year	**80,000**	80,000	**(105,771)**	(105,771)
At end of year	**80,000**	80,000	**(105,771)**	(105,771)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16 Reserves (Cont'd)

(b) Translation reserve

The Group	2015 $'000	2014 $'000
Beginning of year	**(62,341)**	(72,641)
Net currency translation differences of financial statements of foreign subsidiaries and associated companies	**(12,411)**	17,222
Less: Non-controlling interests	**3,535**	(6,922)
At end of year	**(71,217)**	(62,341)

(c) Hedging reserve

The Group	2015 $'000	2014 $'000
Beginning of year	**3,446**	5,145
Gain/(loss) arising during the year	**4,688**	(2,377)
Less: Non-controlling interests	**(1,331)**	678
At end of year	**6,803**	3,446

(d) Fair value reserve

The Group	2015 $'000	2014 $'000
Beginning of year	**(315)**	(4,267)
Available-for-sale financial assets – Fair value gain/(loss)	**(13,139)**	5,558
Less: Non-controlling interests	**3,793**	(1,606)
At end of year	**(9,661)**	(315)

(e) Other reserves

The Group	2015 $'000	2014 $'000
Beginning of year	**5,872**	6,662
Actuarial loss during the year	**(1,810)**	(158)
Changes in interest in subsidiaries	**(891)**	(659)
Less: Non-controlling interests	**(144)**	27
At end of year	**3,027**	5,872

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17 Borrowings

	Note	The Company 2015 $'000	The Company 2014 $'000	The Group 2015 $'000	The Group 2014 $'000
Current borrowings					
Short term loans	(i)	**–**	–	**606,238**	516,058
Loan from subsidiaries	(ii)	**145,604**	137,503	**–**	–
Current portion of non-current borrowings					
– Bank loans	(iii)	**–**	–	**364,031**	286,602
– Finance lease	(iv)	**–**	–	**3,229**	2,341
– Consumer financing	(iv)	**–**	–	**–**	3,392
– Other loans		**–**	–	**–**	3,411
		145,604	137,503	**973,498**	811,804
Non-current borrowings					
Bank loans	(iii)	**–**	209,925	**494,642**	693,705
Finance lease	(iv)	**–**	–	**4,631**	4,869
Consumer financing	(iv)	**–**	–	**–**	–
Other loans		**–**	–	**1,411**	1,958
		–	209,925	**500,684**	700,532
Total borrowings		**145,604**	347,428	**1,474,182**	1,512,336
Secured		**–**	209,925	**1,474,182**	1,505,440
Unsecured		**145,604**	137,503	**–**	6,896
		145,604	347,428	**1,474,182**	1,512,336

(i) Some of the short term loans are secured by the PT IMAS's subsidiaries' property, plant and equipment (Note 4), trade and other receivables (Note 13) and other inventories (Note 12) and have certain terms under the loan agreement that require PT IMAS and its subsidiaries to obtain prior approval from the borrowers with respect to transactions involving amounts that exceed certain thresholds agreed with the borrowers such as among others, mergers or acquisitions; sale or pledge of assets and engaging in non-arm's length transactions and change in majority ownership.

(ii) Loans from subsidiaries are unsecured and repayable on demand. Interest is charged at the interest rate of 1.7% to 7.75% (2014 – 1.7% to 5.75%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17 Borrowings (Cont'd)

(iii) The details of the bank loans are as follows:–

(a) The Company

On 12 April 2013 and 10 May 2013, the Company obtained a term loan facility of US$125 million and a bridging loan of US$283.3 million from CIMB Bank, Singapore Branch to finance the acquisition of 71.49% of the PT IMAS. The facilities consist of the following:–

(1) The US$125 million term loan facilities bear interest at LIBOR plus 4.5% per annum and have a tenure of 5 years.

(2) The US$283.3 million bridging loan bear interest at LIBOR plus 4% per annum and have a tenure of 1 year.

The above facilities are secured by pledge of PT IMAS's shares.

In prior year, the Company entered into a syndicated term loans agreement comprising of US$246,000,000 (Tranche A) and $207,919,200 (Tranche B). The loans are arranged by CIMB Bank Berhad (Singapore Branch), DBS Bank Ltd., Deutsche Bank AG (Singapore Branch), The Royal Bank of Scotland PLC and Standard Chartered Bank. CIMB Bank Berhad (Singapore Branch) is the facility agent and onshore security agent while PT Bank CIMB Niaga Tbk is the offshore security agent. The loan proceeds were used to refinance the above term loan facility of US$125 million and bridging loan of US$283.3 million from CIMB Bank, Singapore Branch above. The facilities consist of the following:–

(1) The US$246 million term loan facilities bear interest at LIBOR plus 3.75% per annum and have tenure of 2.8 years.

(2) The $207.9 million term loan facility bear interest at SOR plus 3.75% per annum and have tenure of 2.8 year.

The US$246,000,000 (Tranche A) and $207,919,200 (Tranche B) had been reduced to US$98,400,000 and $84,686,921 from the proceeds of the bond issued by the Company in prior year. In April 2015, the outstanding balance of US$98,400,000 (Tranche A) and US$84,686,921 (Tranche B) had been fully paid from the proceeds of the bond issued by the Company in February and April 2015 (Note 18).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17 Borrowings (Cont'd)

(iii) The details of the bank loans are as follows:– (Cont'd)

(b) The Company and its subsidiaries (exclude PT IMAS and its subsidiaries)

The bank borrowings are secured by the Company's and its subsidiaries' assets as follows:–

(1) Pledge of land title over Batamindo Industrial Park;

(2) Pledge of shares and accounts of PT Batamindo Investment Cakrawala ("PT BIC")

(3) Pledge of shares of PT Buana Megawisatama ("PT BMW")

(4) Assignment of insurance proceeds, receivables and equipment of PT BIC.

(5) First priority legal mortgage and collateral deed of covenant in relation to the vessels;

(6) Debenture (fixed and floating) over all present and future assets of Company;

(7) First and second priority all monies legal mortgage and collateral deed of covenant over the vessels;

(8) Second priority all monies debenture (fixed and floating) over all present and future assets of the Company and;

(9) First and second priority all monies assignment of insurances over the vessels.

Certain covenants as below, among others, need to be maintained and have been complied with as at end of the reporting period:–

(1) Ratio of Borrower Net Debt to Borrower EBITDA will not be more than 4.5.

(2) Borrower Debt Service Coverage Ratio will not be less than 1.25.

(c) PT IMAS and its subsidiaries

The bank borrowings are secured by the subsidiaries' assets as follows:–

(1) Property, Plant and Equipment (Note 4)

(2) Consumer financing receivables (Note 8)

(3) Net investment in finance lease (Note 8)

(4) Marketable equities of available-for-sales assets

(5) Other inventories (Note 12)

(6) Trade and Other Receivables (Note 13)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17 Borrowings (Cont'd)

(iii) The details of the bank loans are as follows:– (Cont'd)

(c) PT IMAS and its subsidiaries (Cont'd)

Certain covenants as below, among others, need to be maintained and have been complied with as at the end of the reporting period:–

(1) Gearing ratio will not be more than 8.5 and 10

(2) Maintain management control

(3) Maintain shareholding of minimum 51% in a subsidiary

(iv) Obligation under finance lease and consumer financing

The Group	2015 $'000	2014 $'000
Minimum lease payments payable:		
Within 1 years	**3,229**	5,742
Between 2 to 5 years	**4,631**	6,246
More than 5 years	**–***	–
	7,860	11,988
Less:		
Finance charges allocated to future periods	**–**	(1,386)
Present value of minimum lease payments	**7,860**	10,602
Present value of minimum lease payments:		
Within 1 years	**3,229**	5,733
Between 2 to 5 years	**4,631**	4,869
More than 5 years	**–**	–
	7,860	10,602

* Amounts less than $1,000

The Group leases motor vehicles and transportation equipment from non-related and related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal value at the end of the lease term. The finance lease and consumer financing are secured by the underlying assets (Note 4).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17 Borrowings (Cont'd)

The borrowings of the Company and the Group exposed to interest rates are as follows:

	The Company		The Group	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Current portion:				
– at floating interest rate	**–**	–	**730,412**	649,228
– at fixed interest rate	**145,604**	137,503	**243,086**	162,576
	145,604	137,503	**973,498**	811,804

The borrowings of the Company and the Group exposed to interest rates are as follows:

	The Company		The Group	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Non-current portion:				
– at floating interest rate	**–**	209,925	**281,144**	463,330
– at fixed interest rate	**–**	–	**219,540**	237,202
	–	209,925	**500,684**	700,532

The borrowings are denominated in the following currencies:

	The Company		The Group	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Singapore dollar	**55,706**	127,210	**203,042**	100,195
United States dollar	**–**	127,180	**395,770**	604,121
Indonesian rupiah	**89,898**	93,038	**875,370**	807,747
Euro dollar	**–**	–	**–**	273
	145,604	347,428	**1,474,182**	1,512,336

The borrowing repayment profile is as follows:–

	The Company		The Group	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Repayable:				
Within 1 years	**145,604**	137,503	**973,498**	811,804
Between 2 to 5 years	**–**	209,925	**500,684**	700,532
More than 5 years	**–**	–	**–**	–
	145,604	347,428	**1,474,182**	1,512,336

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17 Borrowings (Cont'd)

The effective interest rates of the total borrowings at the end of reporting period are as follows:

	The Company		The Group	
	2015	**2014**	**2015**	**2014**
Short term loans	**–**	–	**2.90% to 12.11%**	1.75% to 10.95%
Bank loans	**–**	3.81% to 3.03%	**2.60% to 11.50%**	2.60% to 14.60%
Finance leases	**–**	–	**4.58% to 13.06%**	4.58% to 18,00%
Loan from subsidiaries	**1.70% to 7.75 %**	1.70% to 5.75%	**–**	–

18 Debt securities

Debt securities comprise of fixed rate notes and bonds issued by the Company and subsidiaries in the Group.

The Company	**2015 $'000**	**2014 $'000**
Bonds		
– Current (i)	**175,000**	–
– Non-current (i)	**455,000**	429,703
Less: deferred issuance costs	**(3,630)**	(15,429)
Net	**626,370**	414,274
Secured	**–**	–
Unsecured	**626,370**	414,274
	626,370	414,274
Repayable:		
Within 1 years	**174,693**	–
Between 2 and 5 years	**451,677**	414,274
More than 5 years	**–**	–
	626,370	414,274

During the year, the unsecured 1% per annum fixed rate non-convertible bonds due on 2 May 2018 issued by the Company to PT Cipta Sarana Duta Perkasa ("PT CSDP") for the financing of the acquisition of PT IMAS was fully redeemed at S$86,324,846 (IDR equivalent of 838,238,385,836) and the Company recognised a gain of S$9,870,000 (Note 25).

NOTES TO THE FINANCIAL STATEMENTS

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18 Debt securities (Cont'd)

(i) On 2 February 2015 and 6 April 2015, the Company issued $75 million 7.00% unsecured notes due 2017 and $230 million 7.00% unsecured notes due 2018 under the US$500 million Euro Medium Term Note Programme established by the Company. The notes will mature from 2 August 2017 to 6 April 2018 and are listed in Singapore Exchange Securities Trading Limited ("SGX-ST"). These were used for the remaining full repayment of the syndicated term loans (Note 17(iii) (a)).

The Group	2015 $'000	2014 $'000
Notes and Bonds		
– Current[(i)]	**287,396**	141,900
– Non-current[(ii)]	**626,266**	586,540
Nominal value	**913,662**	728,440
Less: deferred issuance costs	**(4,321)**	(535)
Net	**909,341**	727,905
Secured	**282,971**	313,631
Unsecured	**626,370**	414,274
	909,341	727,905
Repayable:		
Within 1 years	**286,707**	141,594
Between 2 and 5 years	**622,634**	586,311
More than 5 years	**–**	–
	909,341	727,905

(1) The terms of the Group's debt securities are as follows:

Details of Bonds	Source Currency	Amount '000	Range of Nominal Interest Rate	Range of Maturity date
IMFI Bonds II Phase I	IDR	500,000,000	9.10% – 10.25%	4/5/2016 – 24/4/2019
IMFI Bonds II Phase II	IDR	590,000,000	10.25% – 11.00%	13/11/2016 – 8/11/2019
IMFI 2014 Bonds I Phase I	IDR	699,000,000	8.25% – 8.75%	6/5/2016 – 10/6/2017
IMFI 2014 Bonds I Phase II	IDR	503,000,000	8.25% – 8.50%	7/4/2016 – 7/4/2017
IMFI 2014 Bonds I Phase III	IDR	159,000,000	10.75% – 11.00%	10/12/2016 – 10/12/2017
IMFI 2014 Bonds I Phase IV	IDR	289,000,000	11.25% – 11.40%	22/4/2017 – 22/4/2018
EMTN bonds	SGD	630,000	5.90% – 7.00%	21/4/2016 – 6/4/2018

(2) The bonds were collateralised by fiduciary transfer of financing receivables (Note 8), other inventories (Note 12) and trade receivables (Note 13) of PT IMAS's subsidiaries amounting to 50% to 60% of the total principal amount of the bonds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18 Debt securities (Cont'd)

The debt securities are denominated in the following currencies:

	The Company		The Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Singapore dollar	**626,370**	414,274	**626,370**	414,274
Indonesian rupiah	**–**	–	**282,971**	313,631
	626,370	414,274	**909,341**	727,905

19 Employee benefits liabilities

The Group	2015 $'000	2014 $'000
Balance at beginning of year	**25,672**	21,647
Net employee benefits expense (Note 28)	**5,235**	4,674
Actual benefit payments	**(1,100)**	(936)
Foreign exchange difference	**(657)**	129
Income recognised in OCI	**1,810**	158
Balance at end of year	**30,960**	25,672

On 20 June 2000, under Indonesian Law, the Minister of Manpower of the Republic of Indonesia issued Decree No. Kep-150/Men/2000 regarding "The Settlement of Work Dismissal and Determination of Separation, Gratuity and Compensation Payment by Companies". Should there be any work dismissal, a company is obliged to settle any separation, gratuity and compensation payment, based on the duration of work of the respective employees and in accordance with the conditions stated in the Decree.

The Decree has been enacted into Law No.13 of 2003 regarding Manpower by the President of the Republic of Indonesia on 25 March 2003.

The Group recognised a provision for employees' service entitlement in accordance with the above Law. The benefits are unfunded. The provision is estimated using the "Projected Unit Credit Method" based on the actual calculation performed by independent actuaries, PT Dayamandiri Dharmakonsilindo, PT Jasa Aktuaria Pensiun dan Asuransi, PT Sentra Jasa Aktuaria, PT Bumi Dharma Akuaria and PT Dian Artha Tama which considered the following assumptions:

Discount rate	:	8.67% to 9.22% (2014 – 8.02% to 8.64%) per annum
Mortality rate	:	Tabel Mortalita Indonesia (TMI-III) – 2011 (2014 – Tabel Mortalita Indonesia (TMI-III) – 2011)
Annual salary increases	:	7% to 13% (2014 – 7% to 12.5%) per annum
Retirement age	:	55 to 60 years
Turnover rates	:	5% up to age 25 and reducing linearly up to 0% at the age of 45 and thereafter
Disability rate	:	10% of mortality rate

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19 Employee benefits liabilities (Cont'd)

The net employee benefits expense comprises the following:

The Group	2015 $'000	2014 $'000
Current service cost	**4,275**	3,890
Interest expense	**844**	784
Excess payment	**116**	–
	5,235	4,674

The Group	2015 $'000	2014 $'000
Employee benefits liabilities:		
Present value of employee benefits liabilities	**30,960**	25,672
	30,960	25,672

20 Other non-current liabilities

		The Company		The Group	
	Note	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deposits from tenants	(i)	**90**	90	**26,402**	23,463
Refundable golf membership deposit	(ii)	**–**	–	**4,359**	4,201
Unearned revenue	(iii)	**–**	–	**1,477**	1,186
Derivative liabilities	23	**3,286**	2,683	**3,286**	45,067
		3,376	2,773	**35,524**	73,917

(i) Deposits from tenants represent advance payments received from tenants equivalent to certain months' factory and dormitory rentals, hawkers' centres, and deposits for electricity supply, in accordance with the provisions of their respective lease agreements. These deposits will be refunded or applied against rentals due at the end of the lease period.

(ii) Refundable deposits received for golf club membership, which consist of Individual Type, Corporate A and B type, will be due on 1 August 2020.

(iii) Unearned revenue relates to the prepayment from the tenants on the lease of land and building.

The other non-current liabilities are denominated in the following currencies:

	The Company		The Group	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Singapore dollar	**3,376**	2,773	**34,043**	30,343
Indonesian rupiah	**–**	–	**1,481**	43,574
	3,376	2,773	**35,524**	73,917

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

21 Trade and other payables

	The Company		The Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade				
Trade payables	**–**	–	**177,438**	202,872
Non-trade				
Accruals	**687**	943	**41,542**	56,574
Other payable	**613**	855	**74,282**	80,484
Interest payable on bank loan	**9,617**	3,237	**13,423**	5,950
Advances from customers and distributors	**–**	–	**22,672**	23,999
Amount owing to related parties	**–**	–	**29,255**	6,510
Amount owing to subsidiaries	**6,960**	14,002	**–**	–
Other current liabilities	**–**	–	**3,274**	10,073
	17,877	19,037	**361,886**	386,462

Trade payables are generally on 30 days (2014 – 30 days) credit terms.

Amounts owing to subsidiaries and related parties represent advances and are non-trade, unsecured, interest-free and repayable on demand.

The related parties are corporate entities who are subject to common control or common significant influence by a shareholder of the Company, including fellow subsidiaries.

Trade and other payables are denominated in the following currencies:

	The Company		The Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Singapore dollar	**4,970**	9,001	**34,349**	40,379
Indonesian rupiah	**12,907**	9,629	**284,130**	294,357
United States dollar	**–**	407	**22,859**	36,388
Euro	**–**	–	**14,801**	15,183
Swedish Kronor	**–**	–	**35**	42
Others	**–**	–	**5,712**	113
	17,877	19,037	**361,886**	386,462

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22 Foreclosed assets

Foreclosed assets represent acquired assets in conjunction with settlement of consumer financing receivables. In case of default, the consumers give the right to the Group to sell the foreclosed assets or take any other actions to settle the outstanding receivables.

The Group determined that the foreclosed assets will be converted into cash within maximum three months.

The Group	Note	2015 $'000	2014 $'000
Foreclosed assets		**24,892**	8,234
Less allowance for impairment loss		**(7,348)**	(3,030)
	13	**17,544**	5,204

The movement in allowance for impairment losses in value of foreclosed assets is as follows:–

The Group	2015 $'000	2014 $'000
Balance at beginning of the year	**3,030**	1,744
Allowance for impairment loss	**4,429**	1,256
Translation differences	**(111)**	30
Balance at the end of the year	**7,348**	3,030

23 Derivative financial instruments

The fair value of the Group's derivative financial instruments was:–

The Company	Note	2015 Assets $'000	2015 Liabilities $'000	2014 Assets $'000	2014 Liabilities $'000
Non-current					
Not designated as hedging instruments					
– Interest rate swaps (v)	20	**–**	**3,286**	–	2,683

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23 Derivative financial instruments (Cont'd)

The Group	Note	2015 Assets $'000	2015 Liabilities $'000	2014 Assets $'000	2014 Liabilities $'000
Non-current					
Designated as cash flow hedges					
– Interest rate swaps (i)		**244**	**–**	78	33
– Cross currency swaps (ii)		**20,222**	**–**	11,522	150
– Cross currency interest rate swap (iii)		**11,859**	**–**	5,430	–
		32,325	**–**	17,030	183
– MSL swap (iv)		**–**	**–**	42,201	–
– Cross currency interest rate swap (iv)		**–**	**–**	–	42,201
– Interest rate swaps (v)		**–**	**3,286**	–	2,683
	10, 20	**32,325**	**3,286**	59,231	45,067

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

(i) Interest rate swap

The notional amounts of the interest rate swaps at 31 December 2015 were US$107,042,000 (2014 – US$63,707,000) for derivative assets and US$833,000 (2014 – US$58,207,000) for derivative liabilities.

(ii) Cross currency swap

The notional amounts of the cross currency swaps at 31 December 2015 were US$102,316,000 (2014 – US$104,165,000) for derivative assets and US$ nil (2014 – US$10,500,000) for derivative liabilities.

(iii) Cross currency interest rate swap

The notional amount of the cross currency interest rate swap at 31 December 2015 were US$51,450,000 (2014 – US$22,000,000).

(iv) MSL swap and cross currency interest rate swap

On 21 March 2012, the Group entered into a Cross Currency Interest Rate Swap ("CCIRS") contract with a financial institution to manage its exposure to the fluctuation of foreign currency and floating interest rate on a bank loan. Based on the contract, the financial institution pays the Group a series of instalments on loan principal with a total notional amount of $172,044,000, which bears interest at a rate of 6.15% + 3 months JIBOR starting from 14 May 2012 until 14 February 2018, while the Group pays the financial institution a series of instalments on loan principal with a total notional amount of $181,948,000 (US$148,675,000), which bears interest at a rate of 7% + 3 months LIBOR starting from 14 May 2012 until 14 February 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23 Derivative financial instruments (Cont'd)

(iv) MSL swap and cross currency interest rate swap (Cont'd)

On 2 December 2013, the Group entered into a swap agreement ("MSL Swap") with MSL to transfer its exposure to the change in the valuation of fair value of the CCIRS entered into previously between the Group and the financial institution to MSL in relation with the bank loan. Based on the agreement, the Group pays MSL an interest rate of 6.15% + 3 months JIBOR starting from 14 February 2014 until February 2018 while MSL pays the Group a series of instalments on loan principal with a total notional amount of $166,199,000 (US$131,020,000), which bears interest at a rate of 7% + 3 months LIBOR starting from 14 February 2014 until 14 February 2018.

In prior year, the fair value of the CCIRS was recorded as a derivative liability amounting to $42,201,000 (Note 20) and the Group's loss on the valuation of fair value of the CCIRS was recorded as part of "other income" (Note 25) in the consolidated statement of comprehensive income.

In prior year, the fair value of the MSL swap was recorded as a derivative asset amounting to $42,201,000 (Note 10) and the Group's gain on valuation of fair value of the MSL swap was recorded as part of "other income" (Note 25) in the consolidated statement of comprehensive income.

During the year, the swap agreement with the financial institution and MSL were terminated. The derivative liability as of August 2015 of S$52,164,441 has been settled with the financial institution and the derivative assets of S$52,164,441 had been re-classed to other non-current assets (Note 10 iv).

(v) Interest rate swaps

During the year, the Company entered into Interest Rate Swap ("IRS") contracts with a financial institution to swap the fixed interest rate to floating interest rate on the notes issued during the year (Note 18). The terms of the contracts were as follows:–

(a) Based on notional amount of $175,000,000, the Company pays the financial institution at interest rate of 5.25% + 6 months SOR while the financial institution pays the Company at fixed interest rate of 5.95%.

(b) Based on notional amount of $150,000,000, the Company pays the financial institution at interest rate of 4.85% + 6 months SOR while the financial institution pays the Company at fixed interest rate of 5.90%

As of 31 December 2015, the fair value of the swaps were recorded as a derivative liability amounting to $3,286,000 (2014 – $2,683,000) (Note 20) and the Group's loss on valuation of fair value of the swap was recorded as part of "other income" (Note 25) in the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23 Derivative financial instruments (Cont'd)

Period when the cash flows on cash flow hedges are expected to occur or affect the profit or loss

Interest rate swaps

Interest rate swaps are transacted to hedge variable quarterly interest payments on borrowings that will mature on 31 December 2015. Fair value gains and losses on the interest rate swaps recognised in other comprehensive income are reclassified to profit or loss as part of interest expense over the period of the borrowings.

Period when the cash flows on cash flow hedges are expected to occur or affect the profit or loss (Cont'd)

Cross currency swaps

Cross currency swaps are transacted to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within three months from the end of the reporting period. The cross currency swaps have maturity dates that coincide within the expected occurrence of these transactions. Gains and losses recognised in other comprehensive income prior to the occurrence of these hedged forecast transactions affect profit or loss. This is generally within three months from the end of the reporting period. For those cross currency swaps used to hedge highly probable forecast foreign currency purchases of property, plant and equipment, fair value gains and losses are included in the cost of the assets and recognised in profit or loss over their estimated useful lives as part of depreciation expense.

24 Revenue

The Group	2015 $'000	2014 $'000
Sales of goods	**1,656,178**	1,882,030
Rendering of services	**4,730**	4,691
Financials services	**125,146**	106,459
Electricity and water supply	**102,713**	103,971
Rental and related income	**107,645**	108,631
Sales of land and factory	**2,538**	90,337
Golf revenue	**4,981**	5,022
Ferry services	**18,726**	18,359
Telecommunication	**1,999**	1,836
Clinic operation	**839**	1,453
Others	**2,610**	5,539
	2,028,105	2,328,328

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

25 Other income

The Group	2015 $'000	2014 $'000
Exchange gain, net	**3,204**	3,173
Gain on disposal of property, plant and equipment	**673**	33,172
Interest income	**31,823**	27,103
Other telecommunication income	**768**	793
Bank charges	**(28)**	(25)
Bad debt recovered	**8,657**	7,832
Commission income	**839**	1,545
Penalty income	**6,386**	4,817
Sales incentive and dealer development	**8,040**	11,416
Scrap income	**360**	504
Subsidy income (for sales or promotion)	**1,573**	11,691
Loss on derivative financial instrument (Note 23(iv) &(v))	**(603)**	(2,683)
Management fee income	**367**	173
Gain on disposal of investment in shares (including associates)	**8,531**	10,496
Gain arising from early redemption of bond (Note 18)	**9,870**	–
Others	**2,963**	10,004
	83,423	120,011

26 Other operating expenses

The Group	2015 $'000	2014 $'000
Communication	**1,793**	1,951
Depreciation and amortisation	**13,055**	12,483
Entertainment	**425**	493
Insurance	**2,341**	1,831
Management fee	**514**	1,018
Marketing and promotion expenses	**16,408**	26,890
Professional fees	**1,193**	1,259
Rental	**7,369**	5,955
Repairs and maintenance	**3,430**	3,385
Representation costs	**1,649**	1,231
Staff costs and related expenses	**46,552**	43,836
Taxes and licences	**3,576**	3,404
Transport and travelling	**6,156**	6,512
Printing and stationeries	**137**	167
Packing and delivery	**15,197**	15,433
Security expenses	**5,668**	4,141
Sales commission and incentive	**9,746**	11,336
Allowance for impairment losses and loss on sales of foreclosed assets	**17,479**	10,218
Utilities	**3,476**	3,154
Office supplies	**3,157**	2,576
Others	**8,947**	6,977
	168,268	164,250

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

27 Finance costs

The Group	2015 $'000	2014 $'000
Interest expense on:		
– Bank loans and short term loans	**99,019**	113,017
– Finance lease	**15**	21
– Debt securities	**45,805**	18,342
– Other loans	**369**	245
	145,208	131,625

28 (Loss)/profit before taxation

The Group	Note	2015 $'000	2014 $'000
(Loss)/profit before taxation has been arrived at after charging/(crediting):			
Audit fee paid to:			
– auditor of the Company		**314**	252
– other auditors		**588**	710
Non-audit fees paid to:			
– auditor of the Company		**24**	32
– other auditors		**54**	83
Costs of inventories recognised as expenses		**1,398,176**	1,629,994
Allowance for inventories obsolescence	12	**–**	113
Reversal of allowance for inventories obsolescence	12	**–**	(102)
Allowance for impairment of financing receivables	8	**28,301**	17,702
Allowance for impairment of foreclosed assets	22	**4,429**	1,256
Amortisation of intangible assets	3	**16,408**	16,404
Depreciation of property, plant and equipment	4	**86,601**	83,893
Depreciation of investment properties	5	**23,025**	22,557
Directors' fees		**405**	355
Directors' remuneration			
– Directors' salaries and related costs		**3,054**	2,972
– CPF contributions		**39**	37
		3,093	3,009
Foreign exchange gain, net		**3,204**	(3,173)
Net allowance for impairment of trade and other receivables	13	**3,010**	1,968
Operating lease rentals			
– office equipment and office premises		**1,539**	1,527
Provision for employees' benefits	19	**5,235**	4,674
Rental income (included in revenue)			
– investment properties	5	**(28,621)**	(26,587)
Operating expenses arising from investment properties that generated rental income	5	**27,878**	23,714
Staff costs (other than Directors)			
– Salaries and related costs		**112,725**	114,324
– CPF contributions		**621**	609
		113,346	114,933

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29 Taxation

The Group	Note	2015 $'000	2014 $'000
Current taxation			
Indonesia tax			
Final tax		**3,175**	7,868
Non-final tax		**21,794**	20,239
Singapore tax		**373**	460
		25,342	28,567
Deferred taxation			
Indonesia tax		**2,010**	(5,071)
Singapore tax		**(291)**	(4,870)
	9	**1,719**	(9,941)
		27,061	18,626

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Group's (loss)/profit as a result of the following:

The Group	2015 $'000	2014 $'000
Loss/(profit) before taxation	**(98,986)**	22,972
Tax at applicable statutory tax rates	**(9,269)**	533
Difference of tax effects on gross income subject to final tax instead of corporate tax	**249**	7,868
Tax effects on non-taxable income	**(863)**	(10,161)
Tax effects on non-deductible expenses	**7,745**	5,197
Deferred tax on temporary differences not recognised in prior year	**29,199**	15,189
	27,061	18,626

30 Other comprehensive income/(expense) after taxation

The Group	Before tax $'000	Tax expense $'000	Net of tax $'000
31 December 2015			
Disclosure of tax effects relating to each component of other comprehensive income/(expense):			
Available-for-sale investments	**(13,139)**	**–**	**(13,139)**
Derivative instruments	**4,688**	**–**	**4,688**
Currency translation differences	**(12,411)**	**–**	**(12,411)**
Actuarial losses arising during the period	**(1,810)**	**–**	**(1,810)**
	(22,672)	**–**	**(22,672)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

30 Other comprehensive income/(expense) after taxation (Cont'd)

The Group	Before tax $'000	Tax expense $'000	Net of tax $'000
31 December 2014			
Available-for-sale investments	5,558	–	5,558
Derivative instruments	(2,377)	–	(2,377)
Currency translation differences	17,222	–	17,222
Actuarial losses arising during the period	(209)	51	(158)
	20,194	51	20,245

31 Earnings per share

The Group

The basic (loss)/earnings per share is calculated based on the consolidated (losses)/profits attributable to owners of the parent divided by the weighted average number of shares in issue of 4,824,965,112 (2014 – 4,824,965,112) shares during the financial year.

Fully diluted earnings per share were calculated on the consolidated profits attributable to owners of the parent divided by 5,074,965,112 (2014 – 5,074,965,112) ordinary shares. The number of ordinary shares is calculated based on the weighted average number of shares in issue during the financial year adjusted for the effects of the dilutive issuable shares from the convertible bond. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the year or if later, the date of the issue of the potential ordinary shares.

The following tables reflect the profit or loss and share data used in the computation of basic and diluted (loss)/earnings per share for the years ended 31 December:

The Group	2015 $'000	2014 $'000
Basic earnings per share		
(Loss)/profit attributable to shareholders	**(107,548)**	7,517
Weighted average number of ordinary shares in issue ('000)	**4,824,965**	4,824,965
Basic (loss)/earnings per share (in cents)	**(2.229)**	0.156
Diluted earnings per share		
(Loss)/profit attributable to shareholders	**(107,548)**	7,517
Weighted average number of ordinary shares in issue ('000)	**4,824,965**	4,824,965
Weighted average number of ordinary shares for diluted earnings per shares ('000)	**5,074,965**	5,074,965
Diluted (loss)/earnings per share (in cents)	**(2.229)**	0.148

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32 Commitments

(a) Capital Commitments

Capital expenditure contracted for at the end of the reporting date, but not recognised in the financial statements is as follows:

The Group	2015 $'000	2014 $'000
Capital expenditure contracted but not provided for	–	130

(b) Operating lease commitments

Where the company is the lessee

At the end of the reporting period, the Company was committed to making the following lease rental payments under non-cancellable operating leases for office premises and office equipment with a term of:

	The Company		The Group	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Lease rentals payable:				
Not later than one year	**703**	756	**1,414**	1,610
Later than one year and not later than five years	**2,469**	513	**2,701**	1,651
Later than five years	**413**	–	**413**	238

The Company had entered into a new lease agreement starting from 1 September 2016 and will expire on 31 August 2021. The current lease rental payable is $49,457 per month on the 1st year and incremental of 1.4% every year.

The leases for the office equipment on which rental is payable will expire on 31 January 2018, and the current rental payable on the lease is $439 per month which are subject to revision on renewal of lease agreement.

The leases on the Group's office premises, office equipment, warehouse rental on which rental is payable will expire between 17 May 2016 and not later than 31 August 2021, and the current rental payable on the lease are between S$300 to $65,505 per month which are subject to revision on renewal of lease agreement.

NOTES TO THE FINANCIAL STATEMENTS

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32 Commitments (Cont'd)

(b) Operating lease commitments (Cont'd)

Where the company is the lessor

The future minimum lease payments receivables under non-cancellable operating leases from sites with a term of more than one year are as follows:

	The Company		The Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Lease rentals receivable:				
Not later than one year	**310**	361	**23,381**	18,765
Later than one year and not later than five years	**853**	241	**41,370**	20,251
Later than five years	**146**	–	**7,515**	148

The leases on the Company's premises on which rentals are received will expire on 31 August 2021. The current rent receivable on the lease ranges from $3,049 to $8,835 per month.

The leases on the Group's premises on which rentals are received will expire between 5 January 2016 and not later than 31 March 2035. The current rent receivable on the lease ranges from $1,976 to $138,255 per month which are subject to revision on renewal of lease agreement.

33 Related parties transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the direct and indirect ability to control the party, jointly control or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, there were significant related party transactions which were carried out in the normal course of business on terms agreed between the parties as follows:

	2015	2014
The Group	$'000	$'000
(a) With associates and joint ventures		
Management fees paid	**28**	–
Sales of goods and services	**(769)**	(829)
Purchase of goods and services	**7**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33 Related parties transactions (Cont'd)

The Group	2015 $'000	2014 $'000
(b) With related companies and associates of ultimate holding company		
Management fees paid	**446**	531
Human resource management fee	**435**	706
Interest income	**(3,124)**	(2,701)
Purchase of goods and services	**6,125**	3,842
Sales of goods and services	**(39,669)**	(52,011)
(c) Remuneration of directors of the company and key management personnel of the Group		
Salaries and other short-term employee benefits	**3,093**	3,009

34 Operating segments

For management purposes, the Group is organised into the following reportable operating segments as follows:–

(i) Industrial parks segment

Industrial parks segment is engaged in activities consisting of the development, construction, operation and maintenance of industrial properties in Batam Island and Bintan Island together with the supporting infrastructure activities.

(ii) Utilities segment

Utilities segment is engaged in the activities of provision of electricity and water supply, telecommunication services and waste management and sewage treatment services to the industrial parks in Batam Island and Bintan Island as well as resorts in Bintan Island.

(iii) Resort operations segment

The resort operations segment is engaged in the activities of provision of services to resort operators in Bintan Resort including ferry terminal operations, workers accommodation, security, fire-fighting services and facilities required by resort operators.

(iv) Property development segment

Property development segment is engaged in the activities of developing industrial and resort properties in Batam Island and Bintan Island.

(v) Automotive segment (including workshops)

PT IMAS is considered as one operating segment and is organised into automotive segment because the decisions for resource allocation and performance assessment are made directly by the board of PT IMAS, taking into account the opinion of the Company's Board. The automotive segment is engaged in activities of vehicle sales distribution, after sales services, vehicle ownership financing, spare parts distribution, vehicle assembly, automotive parts manufacturing and other related supporting services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34 Segment information (Cont'd)

The Group	Industrial Parks 2015 $'000	Industrial Parks 2014 $'000	Utilities 2015 $'000	Utilities 2014 $'000	Resort Operations 2015 $'000	Resort Operations 2014 $'000	Property Development 2015 $'000	Property Development 2014 $'000	Automotive 2015 $'000	Automotive 2014 $'000	Corporate 2015 $'000	Corporate 2014 $'000	Elimination 2015 $'000	Elimination 2014 $'000	Total 2015 $'000	Total 2014 $'000
Business segments																
Operating revenue																
External sales	**37,487**	39,624	**104,797**	105,807	**21,203**	21,225	**54**	87,672	**1,864,564**	2,074,000	**–**	–	**–**	–	**2,028,105**	2,328,328
Inter segment sales	**–**	–	**86**	–	**76**	58	**–**	–	**–**	–	**–**	–	**(162)**	(58)	**–**	–
Total sales	**37,487**	39,624	**104,883**	105,807	**21,279**	21,283	**54**	87,672	**1,864,564**	2,074,000	**–**	–	**(162)**	(58)	**2,028,105**	2,328,328
Segment results																
(Loss)/profit from operations	**(3,427)**	(2,853)	**36,725**	32,099	**(4,320)**	(5,255)	**(9,643)**	67,977	**43,778**	93,479	**1,138**	(225)	**–**	–	**64,251**	185,222
Share of associates' results															**(18,029)**	(30,625)
Finance costs															**(145,208)**	(131,625)
Profit before taxation															**(98,986)**	22,972
Taxation															**(27,061)**	(18,626)
(Loss)/profit after taxation															**(126,047)**	4,346
Attributable to:																
Equity holders of the Company															**(107,548)**	7,517
Non-controlling interests															**(18,499)**	(3,171)
															(126,047)	4,346
Assets																
Segment assets	**224,344**	212,786	**337,076**	215,753	**34,586**	39,643	**697,085**	709,373	**1,644,884**	1,800,782	**1,305,818**	1,457,417	**–**	–	**4,243,793**	4,435,754
Associates															**215,405**	239,393
Unallocated corporate assets															**496,892**	350,627
Total assets															**4,956,090**	5,025,774

NOTES TO THE FINANCIAL STATEMENTS

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34 Segment information (Cont'd)

The Group	Industrial Parks 2015 $'000	Industrial Parks 2014 $'000	Utilities 2015 $'000	Utilities 2014 $'000	Resort Operations 2015 $'000	Resort Operations 2014 $'000	Property Development 2015 $'000	Property Development 2014 $'000	Automotive 2015 $'000	Automotive 2014 $'000	Corporate 2015 $'000	Corporate 2014 $'000	Elimination 2015 $'000	Elimination 2014 $'000	Total 2015 $'000	Total 2014 $'000
Business segments																
Liabilities																
Segment liabilities	**22,449**	21,399	**38,677**	37,278	**5,895**	6,456	**15,828**	18,724	**1,359,108**	1,868,549	**43,703**	36,175	**–**	–	**1,485,660**	1,988,581
Unallocated corporate liabilities															**1,436,195**	852,127
Total liabilities															**2,921,855**	2,840,708
Other information																
Capital expenditure	**9,079**	1,825	**1,216**	376	**4,286**	6,237	**331**	184	**95,846**	171,816	**14**	50	**–**	–	**110,772**	180,488
Software costs	**–**	69	**–**	–	**–**	–	**–**	–	**–**	–	**53**	12		–	**53**	81
Dealerships and distributionships		–		–		–		–		–		–		–		–
Allowance for inventories obsolescence	**–**	31	**–**	–	**–**	–	**–**	–	**–**	82	**–**	–	**–**	–	**–**	113
Amortisation of intangible assets	**30**	21	**–**	–	**7**	7	**–**	18	**16,227**	16,227	**144**	131	**–**	–	**16,408**	16,404
Depreciation of property, plant and equipment	**3,385**	5,059	**17,334**	15,761	**7,190**	8,469	**254**	254	**58,067**	53,938	**371**	412	**–**	–	**86,601**	83,893
Depreciation of investment properties	**22,576**	22,557	**–**	–	**–**	–	**–**	–	**449**	–	**–**	–	**–**	–	**23,025**	22,557
Gain/(loss) on disposal of property, plant and equipment	**–**	4	**–**	15	**–**	1,577	**–**	8	**(673)**	31,570	**–**	–	**–**	–	**(673)**	33,174
Impairment of trade and other receivables	**687**	584	**–**	–	**113**	65	**–**	–	**2,473**	1,725	**–**	–	**–**	–	**3,273**	2,374

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34 Operating segments (Cont'd)

The Group

Geographical segments

The Group operates mainly in Indonesia. Accordingly, analysis by geographical segments is not presented.

Segment revenue and segment expense

All segment revenue and expense are directly attributable to the segments.

Segment assets and liabilities

Segment assets include all operating assets and consist principally of trade and other receivables, land inventories, other inventories, financing receivables, investment properties and property, plant and equipment, net of allowances and provisions. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated on a reasonable basis.

Segment liabilities include all operating liabilities and consist principally of operating payables.

Segment assets and liabilities do not include cash and cash equivalents, notes receivables, deferred tax assets, deferred tax liabilities, current tax payable, loans and borrowings.

The Group does not have any major customers.

35 Financial risk management objectives and policies

The Company and the Group have financial risk management policies setting out the Company's and the Group's overall business strategies and its risk management philosophy. The Company and the Group are exposed to financial risks arising from its diversified operations and the use of financial instruments. The financial risks included market price risk, foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets on the Company's and the Group's financial performance. The Company and the Group use financial instruments, principally interest rate swaps and cross-currency swaps to hedge certain risk exposures.

The Company co-ordinates, under the directions of the directors, financial risk management policies and their implementation on a group-wide basis. The Group's policies are designed to manage the financial impact of fluctuations in interest rates and exchange rates and to minimise the Group's financial risks. It is the Group's policy not to enter into derivative transactions for speculative purposes. The notional amounts and fair values of derivative financial instruments at 31 December 2015 are disclosed in Note 23.

There has been no change to the Company's and the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35 Financial risk management objectives and policies (Cont'd)

(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will have on the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk arising from the changes in market interest rates which leads to the fluctuation of the fair value or future cash flows of the financial instruments.

The Group is financed through interest-bearing bank loans, other borrowings such as shareholders' loans, and advances from related parties and debt securities. Therefore, the Group's exposures to market risk for changes in interest rates relate primarily to its long-term borrowings obligations and interest-bearing assets and liabilities. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure by managing its interest cost using a mixture of fixed and variable rate debts and long and short-term borrowings. The Group actively reviews its debt portfolio and evaluates the interest rates are in line with the changes in interest rate which is relevant in the money market. The Group also uses hedging instruments such as interest rate swaps to minimise its exposure to interest rate volatility. The Group designates these interest rate swaps and cross currency interest rate swap as cash flow hedges (Note 23).

Sensitivity analysis for interest rate risk

At the end of reporting period, if Singapore dollar, United States dollar and Indonesian rupiah interest rates had been 50 (2014 – 50) basis points lower/higher with all other variables held constant, the Group's profit/(loss) net of tax would have been higher/lower by the amounts shown below, arising mainly as a result of lower/higher interest expense on floating rate borrowings.

	The Group Profit or loss	
	2015	**2014**
	$'000	**$'000**
Singapore dollar		
– lower 50 basis points (2014 – 50 basis points)	**1,008**	414
– higher 50 basis points (2014 – 50 basis points)	**(1,008)**	(414)
United States dollar		
– lower 50 basis points (2014 – 50 basis points)	**1,213**	2,272
– higher 50 basis points (2014 – 50 basis points)	**(1,213)**	(2,272)
Indonesian rupiah		
– lower 50 basis points (2014 – 50 basis points)	**2,901**	2,832
– higher 50 basis points (2014 – 50 basis points)	**(2,901)**	(2,832)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35 Financial risk management objectives and policies (Cont'd)

(a) Market risk (Cont'd)

(ii) Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group has transactional currency exposures arising primarily from purchases, assets and liabilities which arise from daily operations that are denominated in a currency other than the respective functional currencies of group entities, primarily Singapore dollar (SGD) and Indonesian rupiah (IDR). The foreign currencies in which these transactions are denominated are mainly United States dollar (USD) and Euro (EURO).

The Company and the Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of reporting period, such foreign currency balances (mainly in IDR and USD) amount to $1,407,000 (2014 – $136,000) and $158,730,000 (2014 – $136,151,000) for the Company and the Group respectively.

The Group maintains a natural hedge, whenever possible by borrowing in the currency of the country in which its property or investment is located or by borrowing in currencies that match the future revenue streams to be generated from its investments. The Group also enters into cross currency swaps to hedge the foreign exchange risk of its loans denominated in foreign currency and these swaps are designated as cash flow hedges (Note 23).

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

In relation to its investments in foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long term investment purposes, the differences arising from such translation are recorded under the currency translation reserves. These translation differences are reviewed and monitored on a regular basis.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in foreign currencies exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35 Financial risk management objectives and policies (Cont'd)

(a) Market risk (Cont'd)

(ii) Foreign exchange risk (Cont'd)

Sensitivity analysis

	2015		2014	
	Appreciation/ (depreciation) of foreign currency rate	**Effect on profit before tax increase/ (decrease) $'000**	**Appreciation/ (depreciation) of foreign currency rate**	**Effect on profit before tax increase/ (decrease) $'000**
Indonesian rupiah	**4.33%**	**(27,173)**	12.01%	(80,401)
Indonesian rupiah	**(4.33%)**	**27,173**	(12.01%)	80,401
United States dollar	**8.53%**	**13,722**	1.24%	5,005
United States dollar	**(8.53%)**	**(13,722)**	(1.24%)	(5,005)
Euro	**9.31%**	**(1,219)**	1.26%	(180)
Euro	**(9.31%)**	**1,219**	(1.26%)	180
Swedish krona	**13.45%**	**32**	3.87%	41
Swedish krona	**(13.45%)**	**(32)**	(3.87%)	(41)

The average and year end exchange rates for 2015 and 2014 are as follows:

	2015		2014	
	Year end	**Average**	**Year end**	**Average**
Indonesian rupiah	**Rp.9,751/$1**	**Rp.9,732/$1**	Rp.9,422/$1	Rp.9,360/$1
United States dollar	**US$0.71/$1**	**US$0.72/$1**	US$0.76/$1	US$0.79/$1

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group is exposed to market price risks arising from its investment in equity investments quoted on the IDX in Indonesia classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35 Financial risk management objectives and policies (Cont'd)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company or the Group to incur a financial loss. For the subsidiaries engaging in consumer financing, a financial loss will arise when the debtor does not meet its contractual obligation.

The financial assets that potentially subject the Group to significant concentration of credit risk consist principally of cash and bank balances, trade and other receivables, financing receivables, loan and notes receivables. For trade receivables, the Company and the Group adopt the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company and the Group adopt the policy of dealing only with high credit quality counterparties.

The Company's and the Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group has in place credit policies and procedures to ensure the ongoing credit evaluation and active account monitoring. Credit risk which is encountered by the Group comes from credits given to customers. To reduce this risk, there is a policy to ensure the product sales are to be made to customers who can be trusted and proven to have a good credit history and pass the credit verification. The Group monitors the receivable balance continuously to maximise installment billings and reduce the possibility of doubtful accounts.

The Group's exposures to credit risk arise from default of other parties, with maximum exposure equal to the carrying amount of these instruments. At the reporting date, there were no significant concentrations of credit risk other than the loan receivable, financing receivables, notes receivables and interest receivables as disclosed in Note 8 and Note 10.

The Company's and the Group's major classes of financial assets are bank deposits, trade and other receivables and financing receivables. Cash is held with financial institutions of good standing/established financial institutions/reputable financial institutions. Further details of credit risks on financing receivables and trade and other receivables are disclosed in Note 8 and Note 13 respectively.

(c) Liquidity risk

Liquidity risk is the risk that the Company and the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or other financial assets. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's and the Group's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group maintains a balance between continuity of accounts receivable collectability and flexibility through the use of borrowings, debt securities and stand-by credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35 Financial risk management objectives and policies (Cont'd)

(c) Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cash flows:

The Company	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
As at 31 December 2015				
Non-derivative financial liabilities:				
Trade and other payables	**17,877**	**–**	**–**	**17,877**
Borrowings	**153,700**	**–**	**–**	**153,700**
Debt securities	**208,671**	**483,654**	**–**	**692,325**
Other non-current liabilities	**–**	**90**	**–**	**90**
	380,248	**483,744**	**–**	**863,992**
As at 31 December 2014				
Non-derivative financial liabilities:				
Trade and other payables	19,037	–	–	19,037
Borrowings	144,937	190,317	–	335,254
Debt securities	19,263	451,017	–	470,280
Other non-current liabilities	–	90	–	90
	183,237	641,424	–	824,661

The Group	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
As at 31 December 2015				
Non-derivative financial liabilities:				
Trade and other payables	**336,592**	**–**	**–**	**336,592**
Borrowings	**1,061,521**	**622,622**	**–**	**1,684,143**
Debt securities	**277,615**	**747,789**	**–**	**1,025,404**
Other non-current liabilities	**–**	**30,761**	**–**	**30,761**
	1,675,728	**1,401,172**	**–**	**3,076,900**
As at 31 December 2014				
Non-derivative financial liabilities:				
Trade and other payables	359,411	–	–	359,411
Borrowings	884,806	804,903	–	1,689,709
Debt securities	176,600	641,179	–	817,779
Other non-current liabilities	–	27,664	–	27,664
	1,420,817	1,473,746	–	2,894,563

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35 Financial risk management objectives and policies (Cont'd)

(c) Liquidity risk (Cont'd)

The table below analyses the derivative financial instruments of the Group and the Company for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The Company	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 3 and 5 years S$'000	Over 5 years S$'000
At 31 December 2015				
Net-settled interest rate swaps – Cash flow hedges				
– Net cash inflows	**–**	**(3)**	**–**	**–**
The Company				
At 31 December 2014				
Net-settled interest rate swaps – Cash flow hedges				
– Net cash inflows	–	(3)	–	–

The Group	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 3 and 5 years S$'000	Over 5 years S$'000
At 31 December 2015				
Net-settled interest rate swaps – Cash flow hedges				
– Net cash inflows	**22**	**219**	**–**	**–**
Net-settled currency swaps – Cash flow hedges				
– Net receipts/(payments)	**(10,933)**	**3,104**	**(4,427)**	**–**
The Group				
At 31 December 2014				
Net-settled interest rate swaps – Cash flow hedges				
– Net cash inflows	(8)	50	–	–
Net-settled currency swaps – Cash flow hedges				
– Net receipts/(payments)	(8,676)	1,577	(13,714)	–

The Company and the Group ensure that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35 Financial risk management objectives and policies (Cont'd)

(d) Project development risk

Construction delays can result in loss of revenue. The failure to complete construction of a project according to its planned specifications or schedule may result in liabilities, reduce project efficiency and lower returns. The Group manages this risk by closely monitoring the progress of all projects through all stages of construction.

36 Capital management

The Company's and Group's objectives when managing capital are:

(a) To safeguard the Company's and the Group's abilities to continue as a going concern;

(b) To support the Company's and the Group's stabilities and growth;

(c) To provide capital for the purpose of strengthening the Company's and the Group's risk management capabilities; and

(d) To provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Company and the Group currently do not adopt any formal dividend policy.

The Company and the Group monitor capital net debt ratio, which is net debt divided by total capital plus net debt. The Company and the Group include within net debt, total borrowings, less bank balances and short-term deposits. Capital represents total equity of the Group. The capital net debt ratio is monitored both inclusive and exclusive of the Group's financial services companies, which by their nature are generally more leveraged than the Group's other businesses. The Company and the Group do not have a defined gearing ratio benchmark or range.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

36 Capital management (Cont'd)

The capital net debt ratios at 31 December 2015 and 2014 were as follows:

	The Company		The Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Including financial service company				
Net Debt	**753,900**	761,177	**2,181,602**	2,078,949
Total equity + debt	**2,630,368**	2,672,084	**4,417,759**	4,425,307
Excluding financial service company				
Net Debt			**1,337,528**	1,385,351
Total equity + debt			**3,534,577**	3,640,634
	2015	**2014**	**2015**	**2014**
Capital net debt ratio excluding financial service companies	**0.29**	0.28	**0.38**	0.38
Capital net debt ratio including financial service companies	**0.29**	0.28	**0.49**	0.47

There were no changes in the Company's and the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements except as disclosed in Note 17 and Note 18.

37 Financial instruments

Accounting classification of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are as follows:

2015	Note	Available-for-sales $'000	Fair value – hedging instrument $'000	Financial assets through profit or loss $'000	Loan and receivables $'000	Total $'000
The Company						
Financial assets						
Trade and other receivables	13	–	–	–	**57,400**	**57,400**
Cash and cash equivalents	14	–	–	–	**18,074**	**18,074**
Other non-current assets	10	–	–	–	**11,649**	**11,649**
		–	–	–	**87,123**	**87,123**
The Group						
Financial assets						
Trade and other receivables	13	–	–	–	**449,034**	**449,034**
Financing receivables	8	–	–	–	**807,071**	**807,071**
Cash and cash equivalents	14	–	–	–	**201,921**	**201,921**
Derivative assets	23	–	**32,325**	–	–	**32,325**
Other non-current assets	10	**92,400**	–	–	**501,074**	**593,474**
		92,400	**32,325**	–	**1,959,100**	**2,083,825**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37 Financial instruments (Cont'd)

Accounting classification of financial assets and financial liabilities (Cont'd)

2015	Note	Fair value – hedging instrument $'000	Financial liabilities through profit or loss $'000	Other financial liabilities within the scope of FRS 39 $'000	Total $'000
The Company					
Financial liabilities					
Trade and other payables	21	–	–	17,877	17,877
Borrowings	17	–	–	145,604	145,604
Debt securities	18	–	–	626,370	626,370
Derivative liabilities	23	–	3,286	–	3,286
Other non-current liabilities	20	–	–	90	90
		–	3,286	789,941	793,227
The Group					
Financial liabilities					
Trade and other payables	21	–	–	336,592	336,592
Borrowings	17	–	–	1,466,322	1,466,322
Debt securities	18	–	–	909,341	909,341
Derivative liabilities	23	–	3,286	–	3,286
Other non-current liabilities	20	–	–	30,761	30,761
		–	3,286	2,743,016	2,746,302

2014	Note	Available-for-sales $'000	Fair value – hedging instrument $'000	Financial assets through profit or loss $'000	Loan and receivables $'000	Total $'000
The Company						
Financial assets						
Trade and other receivables	13	–	–	–	117,804	117,804
Cash and cash equivalents	14	–	–	–	525	525
Other non-current assets	10	–	–	–	10,159	10,159
		–	–	–	128,488	128,488
The Group						
Financial assets						
Trade and other receivables	13	–	–	–	491,012	491,012
Financing receivables	8	–	–	–	766,085	766,085
Cash and cash equivalents	14	–	–	–	161,292	161,292
Derivative assets	23	–	17,030	42,201	–	59,231
Other non-current assets	10	107,033	–	–	472,339	579,372
		107,033	17,030	42,201	1,890,728	2,056,992

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37 Financial instruments (Cont'd)

Accounting classification of financial assets and financial liabilities (Cont'd)

2014	Note	Fair value – hedging instrument $'000	Financial liabilities through profit or loss $'000	Other financial liabilities within the scope of FRS 39 $'000	Total $'000
The Company					
Financial liabilities					
Trade and other payables	21	–	–	19,037	19,037
Borrowings	17	–	–	347,428	347,428
Debt securities	18	–	–	414,274	414,274
Derivative liabilities	23	–	2,683	–	2,683
Other non-current liabilities	20	–	–	90	90
		–	2,683	780,829	783,512
The Group					
Financial liabilities					
Trade and other payables	21	–	–	359,411	359,411
Borrowings	17	–	–	1,505,126	1,505,126
Debt securities	18	–	–	727,905	727,905
Derivative liabilities	23	183	44,884	–	45,067
Other non-current liabilities	20	–	–	27,664	27,664
		183	44,884	2,620,106	2,665,173

38 Fair value measurement

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 : unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

38 Fair value measurement (Cont'd)

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2015 and 31 December 2014.

2015	**Note**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets					
The Group					
Quoted and unquoted financial assets	10	**64,090**	**–**	**28,310**	**92,400**
Derivative assets	23	**–**	**32,325**	**–**	**32,325**
		64,090	**32,325**	**28,310**	**124,725**
Financial liabilities					
The Company					
Derivative liabilities	23	**–**	**3,286**	**–**	**3,286**
The Group					
Derivative liabilities	23	**–**	**3,286**	**–**	**3,286**

2014	**Note**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets					
The Group					
Quoted and unquoted financial assets	10	79,367	–	27,666	107,033
Derivative assets	23	–	59,231	–	59,231
		79,367	59,231	27,666	166,264
Financial liabilities					
The Company					
Derivative liabilities	23	–	2,683	–	2,683
The Group					
Derivative liabilities	23	–	45,067	–	45,067

(i) Level 1 fair value measurements

The available-for-sale equity investment held by the Group is traded in active markets and is based on quoted market prices at the end of reporting period. The quoted market price used for financial assets held by the Group is the current market price.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

38 Fair value measurement (Cont'd)

(ii) Level 2 fair value measurements

The Group's derivatives consist of interest rate swap contracts and cross currency interest rate swap contracts. These derivatives are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including credit quality of counterparties, foreign exchange spot and forwards rates, interest rate curves and forward rate curves. The Group held unquoted investments in shares of stock.

(iii) Level 3 fair value measurements

The Group held unquoted investments in shares of stock. The fair values are determined by reference to these investments' net assets values as stated in their audited financial statements.

(iv) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The carrying amount of trade and other receivables (Note 13), current financing receivables (Note 8), cash and cash equivalent (Note 14), trade and other payable (Note 21), current borrowings (Note 17) and debt securities (Note 18) are reasonable approximation of fair values due to their short term nature.

The carrying amounts of other non-current assets (Note 10), other non-current liabilities (Note 20) and non-current borrowings (Note 17) and debt securities (Note 18) are reasonable approximation of fair values as their interest rate approximate the market lending rate.

39 Prior year adjustment and comparative figures

The Consolidated Statement of Financial Position and Statement of Cash Flows for 2014 have been restated to reflect the omission of adjustment to the non-controlling interest and other reserves related to the acquisition of additional 19.14% stake during Mandatory Tender Offer of shares in PT Indomobil Sukses Internasional Tbk ("PT IMAS") in 2013 and reallocation of the effects of translation of foreign subsidiaries to the respective assets and liabilities.

The restatements of each of the affected financial line items for the previous financial year ended 31 December 2014 are as follows:–

Consolidated Statement of Financial Position

The Group

	Balance at 31 December 2014 as previously reported S$'000	Effect of Prior year adjustment S$'000	Balance at 31 December 2014 as restated S$'000
Reserves	28,373	(187,482)	(159,109)
Non-controlling interest	174,525	187,482	362,007

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

39 Prior year adjustment and comparative figures (Cont'd)

Consolidated Statement of Financial Position (Cont'd)

The Group

	Balance at 1 January 2014 as previously reported S$'000	Effect of Prior year adjustment S$'000	Balance at 31 December 2014 as restated S$'000
Reserves	81,711	(187,482)	(105,771)

Consolidated Statement of Cash Flows

The Group

	As previously reported S$'000	Effect of Prior year adjustment S$'000	As restated S$'000
Net cash generated from operating activities	59,949	19,722	79,671
Net cash used in investing activities	(149,788)	(371)	(150,159)
Net cash generated from financing activities	79,231	(18,426)	60,805

40 Events after end of reporting period

i. On 3 February 2016, the Group's subsidiary PT Indomobil Finance Indonesia ("PT IMFI") issued bonds with nominal value of Rp500,000,000,000 which consists of:–

1. Series A Bonds – the term of the bonds is 370 calendar days.

2. Series B Bonds – the term of the bonds is 3 years

3. Series C Bonds – the term of the bonds is 4 years.

ii. In January 2016, one of the Group's subsidiary had established a company, PT Seino Indomobil Logistics Services ("PT SILS") with Seino Holdings Co., Ltd. to engage in information technology activities and services. The Group holds 51% of PT SILS.

iii. In February 2016, the Group increased its shareholding in PT Garuda Mataram Motor ("PT GMM"), a subsidiary of PT IMAS to 99.9%.

iv. In February 2016, the Group has signed an agreement to subscribe additional shares in PT Nissan Motor Indonesia, an associate of the Group for an amount of US$27.5 million.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2016

Issued and Fully Paid-up Capital	:	S$1,880,153,879.64
Number of Issued Shares	:	4,824,965,112
Number of Treasury Shares	:	Nil
Class of Shares	:	Ordinary
Voting Rights	:	One vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	43	1.01	942	0.00
100 – 1,000	488	11.51	233,960	0.00
1,001 – 10,000	1,245	29.36	9,272,217	0.19
10,001 – 1,000,000	2,423	57.13	177,411,130	3.68
1,000,001 and above	42	0.99	4,638,046,863	96.13
Total	4,241	100.00	4,824,965,112	100.00

Top 20 shareholders

No.	NAME	NO OF SHARES	%
1	HSBC (SINGAPORE) NOMS PTE LTD	1,722,486,755	35.70
2	RAFFLES NOMINEES (PTE) LTD	1,361,951,100	28.23
3	SEMBCORP DEVELOPMENT LTD	577,057,166	11.96
4	CIMB SEC (S'PORE) PTE LTD	575,535,083	11.93
5	CITIBANK NOMS S'PORE PTE LTD	173,178,023	3.59
6	DBS NOMINEES PTE LTD	31,599,700	0.65
7	OCBC SECURITIES PRIVATE LTD	23,360,729	0.48
8	UOB KAY HIAN PTE LTD	20,699,700	0.43
9	CIGA ENTERPRISES PTE LTD	18,670,000	0.39
10	MAYBANK KIM ENG SECS PTE LTD	17,929,503	0.37
11	KWEE LIONG PHING	17,459,000	0.36
12	UNITED OVERSEAS BANK NOMINEES	13,122,492	0.27
13	PHILLIP SECURITIES PTE LTD	12,353,910	0.26
14	MORGAN STANLEY ASIA (S) SEC PL	10,425,300	0.22
15	DBSN SERVICES PTE LTD	6,481,400	0.13
16	BANK OF S'PORE NOMS PTE LTD	5,691,700	0.12
17	ONG SEE BOON OR TAN SOON KIAT	3,300,000	0.07
18	MERRILL LYNCH (SPORE) PTE LTD	3,236,740	0.07
19	PARALLAX VENTURE PARTNERS XXX LIMITED	3,195,513	0.07
20	DBS VICKERS SECS (S) PTE LTD	3,145,405	0.07
	Total	**4,600,879,219**	**95.37**

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2016

Public Float

Based on the information available to the Company as at 16 March 2016, approximately **13.45%** of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with

SUBSTANTIAL SHAREHOLDERS

	Number of Shares	
	Direct Interest	**Deemed Interest**
Dornier Profits Limited ("**Dornier Profits**")	189,545,100	467,466,638
Parallax Venture Partners XXX Ltd ("**PVP**")	2,936,862,151	657,011,738
Salim Wanye (Shanghai) Enterprises Co., Ltd ("**Salim Wanye**")(1)	–	3,593,873,889
Jaslene Limited ("**Jaslene**")(1)	–	3,593,873,889
Success Medal International Limited ("**Success Medal**")(1)	–	3,593,873,889
Salim & Van (Shanghai) Investment Ltd ("**Salim & Van**")(1)	–	3,593,873,889
Manyip Holdings Limited ("**Manyip**")(1)	–	3,593,873,889
Anthony Salim(2)	–	3,596,980,577
Sembcorp Development Ltd ("**SDL**")(3)	577,057,166	–
Sembcorp Industries Ltd ("**SCI**")(3)	–	577,057,166
Temasek Holdings (Private) Limited ("**Temasek**")(3)	–	577,057,166

Notes:

(1) Salim Wanye has a controlling interest in PVP and is deemed to be interested in the Shares in which PVP has an interest. Success Medal, together with Salim & Van, has a controlling interest in Salim Wanye and is deemed to be interested in the Shares in which PVP has an interest. Each of Jaslene and Salim & Van has an interest in more than 20% of the issued share of the issued share capital of Salim Wanye. Manyip, via its controlling interest in Salim & Van, has an interest in more than 20% of the issued share capital of Salim Wanye. Each of Jaslene, Salim & Van and Manyip is deemed to be interested in the Shares in which PVP has an interest.

(2) Anthony Salim is deemed to have an interest in the Shares owned by Dornier Profits and PVP as well as in 3,106,688 Shares owned by PT Elitindo Citralestari.

(3) Temasek has an interest in more than 20% of the share capital of SCI, and SCI in turn has a controlling interest in SDL. Accordingly, Temasek and SCI are deemed to be interested in the Shares in which SDL has a direct interest.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Gallant Venture Ltd. will be held at Holiday Inn Orchard City Centre, Crystal Suite, Level 2, 11 Cavenagh Road Singapore 229616 on Tuesday, 26 April 2016 at 10.00 a.m. to transact the following businesses: -

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Directors' Statement and Auditors' Report thereon. **(Resolution 1)**

2. To approve the Directors' fee of S$405,000 for the financial year ended 31 December 2015 (2014: S$405,000/-). **(Resolution 2)**

3. To re-elect Mr Eugene Cho Park who is retiring under Article 115 of the Constitution of the Company. **(Resolution 3)**

4. To re-elect Mr Lim Hock San who is retiring under Article 115 of the Constitution of the Company.

   Mr Lim Hock San, upon re-election as Director of the Company, remain as Chairman of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will continue to serve as a member of the Nominating Committee and Chairman of Remuneration Committee. **(Resolution 4)**

5. To re-elect Mr Axton Salim who is retiring under Article 115 of the Constitution of the Company. **(Resolution 5)**

6. To re-appoint Mr Rivaie Rachman as a Director of the Company.

   Mr Rivaie Rachman is a Director who is above 70 years old and who pursuant to the resolution passed at the Annual General Meeting held on 28 April 2015 in accordance with Section 153(6) of the Companies Act (which was then in force) was appointed to hold office as a director until this Annual General Meeting. If passed, Resolution 6 will approve and authorise the re-appointment of Mr Rivaie Rachman in office from the date of this Annual General Meeting onwards without limitation in tenure, as was the case under the repealed Section 153(6) of the Companies Act.

   Mr Rivaie Rachman will upon re-appointment as Director of the Company, continue to serve as a member of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will continue as Chairman of the Nominating Committee and a member of Remuneration Committee. **(Resolution 6)**

7. To re-appoint Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:–

8. Authority to issue shares

   That authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

NOTICE OF ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may, in their absolute discretion, deem fit; and

(b) issue Shares in pursuance of any Instrument made or granted by the directors while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution),

Provided that:

(c) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 50% of the total number of issued Shares (as calculated in accordance with paragraph (d) below), and provided further that where shareholders of the Company ("**Shareholders**") are not given the opportunity to participate in the same on a pro-rata basis ("**non pro-rata basis**"), then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 20% of the total number of issued Shares (as calculated in accordance with paragraph (d) below);

(d) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (c) above, the total number of issued Shares shall be based on the total number of issued Shares of the Company (excluding treasury shares) at the time such authority was conferred, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and

(iii) any subsequent bonus issue, consolidation or subdivision of the Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument; and

(e) (unless revoked or varied by the Company in general meeting), the authority so conferred shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 8)
(See Explanatory Note 1)

9. Renewal of the Shareholders' Mandate for Interested Person Transactions

That:–

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the SGX-ST, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions as set out in the Appendix to this Notice of Annual General Meeting (the "**Appendix**"), with any party who falls within the classes of interested persons as described in the Appendix, provided that such transactions are made on normal commercial terms and are in accordance with the review procedures for Interested Person Transactions as set out in the Appendix (the "**IPT Mandate**");

NOTICE OF ANNUAL GENERAL MEETING

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next Annual General Meeting of the Company is held or is required by law to be held, whichever is earlier;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution. **(Resolution 9)**
(See Explanatory Note 2)

10. Renewal of the Share Purchase Mandate

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), as may be amended or modified from time to time, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares in the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate in paragraph (a) of this Resolution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or

(iii) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated;

NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

"**Prescribed Limit**" means, subject to the Companies Act, 10% of the total number of issued Shares of the Company (excluding any Shares which are held as treasury shares) as at the date of the passing of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as defined hereinafter),

where:

"**Average Closing Price**" means the average of the Closing Market Prices (as defined hereinafter) of the Shares over the last five Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-Market Day period;

"**Closing Market Price**" means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources;

"**date of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution. **(Resolution 10)**
(See Explanatory Note 3)

ANY OTHER BUSINESS

11. To transact any other business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Choo Kok Kiong
Company Secretary
Singapore, 11 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:–

1. Ordinary Resolution 8 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in total 50% of the total number of issued shares in the capital of the Company calculated on the basis set out in the said resolution. For issues of shares and convertible securities other than on a pro-rata basis to all Shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total number of issued shares in the capital of the Company calculated on the basis set out in the said resolution. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

2. Ordinary Resolution 9 relates to the renewal of the mandate, which was approved by the Shareholders on 28 April 2015 allowing the Company, its subsidiaries and associated companies to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited. Please refer to the Appendix to this Notice of Annual General Meeting for more information.

3. Ordinary Resolution 10 relates to the renewal of the mandate, which was first approved by the Shareholders on 23 January 2009 and was renewed at the previous annual general meetings of the Company, authorising the Company to purchase its own Shares. Please refer to the Appendix to this Notice of Annual General Meeting for more information.

Notes:–

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. A proxy need not be a member of the Company.

3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 991A Alexandra Road #02-06/07, Singapore 119969 not later than 48 hours before the time appointed for the Meeting.

5. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the Annual General Meeting if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the Annual General Meeting.

6. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend, speak and vote at the Annual General Meeting.

7. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the Annual General Meeting in person as proxy of his/her CPF and/or SRS Approved Nominee. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (and/or its agents) for the purpose of the processing and administration by the Company (and/or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General meeting (including any adjournment thereof), and in order for the Company (and/or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (and/or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (and/or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM

GALLANT VENTURE LTD.

Co. Registration No. 200303179Z
(Incorporated in the Republic of Singapore)

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Meeting.
2. For investors who have used their CPF monies to buy GALLANT VENTURE LTD. shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We ____ (Name)

of ____ (Address)

being a *member/members of Gallant Venture Ltd. (the "**Company**") hereby appoint:-

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings to be represented by proxy	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings to be represented by proxy	
			No. of Shares	%

as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting ("**AGM**") of the Company to be held at Holiday Inn Orchard City Centre, Crystal Suite, Level 2, 11 Cavenagh Road Singapore 229616 on Tuesday, 26 April 2016 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated with an (x) or (√) in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting as the *proxy/proxies deem fit.

	Resolutions	No of Votes or indicate with a tick (√) or cross (X)**	
		For	Against
	Ordinary business		
1.	To receive and adopt the Audited Financial Statements, Directors' Statement and Auditors' Report for the financial year ended 31 December 2015		
2.	To approve Directors' fee of S$405,000 for the year ended 31 December 2015.		
3.	To re-elect Mr Eugene Cho Park as a Director.		
4.	To re-elect Mr Lim Hock San as a Director.		
5.	To re-elect Mr Axton Salim as a Director.		
6.	To re-appoint Mr Rivaie Rachman as a Director.		
7.	To re-appoint Foo Kon Tan LLP as Auditors and to authorise the Directors to fix their remuneration.		
	Special business		
8.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
9.	To approve the renewal of the IPT Mandate for Interested Person Transactions		
10.	To approve the renewal of the Share Purchase Mandate.		

**Delete accordingly*
**All resolutions would be put to vote by poll in accordance with listing rule of the Singapore Exchange Securities Limited.

Please tick (√) or cross (X))the number of votes within the box provided. A tick or cross would represent you are exercising all your votes "For" or "Against" the relevant resolution.

Total number of Shares held in:	Number of shares
(a) CDP Register	
(b) Register of Members	

Dated this ________ day of ______________ 2016

____
Signature(s) or Common Seal of member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

**delete where applicable*

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THE PROXY FORM

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting ("**AGM**"). Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 (the "**Companies Act**").

2. A proxy need not be a member of the Company.

3. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

fold here

Affix
Postage
Stamp

The Company Secretary

GALLANT VENTURE LTD.

991A Alexandra Road

#02-06/07

Singapore 119969

fold here

5. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

6. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with the Constitution of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore.

7. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 991A Alexandra Road #02-06/07, Singapore 119969 not later than 48 hours before the time set for the Annual General Meeting.

8. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

10. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.

11. Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

Gallant Venture Ltd
991A Alexandra Road #02-06/07 Singapore 119969 Tel: (65) 6389 3535 Fax: (65) 6396 7758
www.gallantventure.com