

GALLANT VENTURE LTD

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**First Quarter 2016 Financial Statements and Dividend Announcement****UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

The Board of Directors of Gallant Venture Ltd announces the following unaudited results of the Group for the period ended 31 March 2016.

1(a)(i). An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP		
	YTD 31 March		
	1st Qtr 2016 S\$'000	1st Qtr 2015 S\$'000	Incr/ (Decr) %
Revenue	472,224	577,311	(18)
Cost of sales	(396,605)	(500,672)	(20)
Gross profit	75,619	76,639	(1)
Other income	20,558	30,496	(33)
General and administrative expenses	(38,278)	(39,015)	(2)
Other operating expenses	(37,277)	(41,452)	(10)
Share of associated companies' results	1,688	(1,613)	N.M
Finance costs	(34,588)	(31,359)	10
Loss before taxation	(12,278)	(6,304)	95
Taxation	(2,550)	(2,913)	(13)
Loss after taxation for the period	(14,828)	(9,217)	61
Attributable to:			
Equity holders of the Company	(15,656)	(10,410)	50
Non-controlling interest	828	1,193	(31)
	(14,828)	(9,217)	61

1(a)(ii). **A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	GROUP		
	YTD 31 March		
	1st Qtr 2016 S\$'000	1st Qtr 2015 S\$'000	Incr/ (Decr) %
Loss after taxation for the period	(14,828)	(9,217)	61
Other comprehensive (expenses)/income:			
<u>Items that are/may be reclassified subsequently to profit or loss</u>			
Net changes in available-for sales investments	(27,515)	(15,504)	78
Net changes in derivative instruments – net of tax	(3,084)	5,212	N.M
Foreign currency translation	(3,354)	1,191	N.M
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Actuarial gains arising during the period	948	1,390	(32)
Other comprehensive expenses	(33,005)	(7,711)	328
Total comprehensive expenses	(47,833)	(16,928)	183
Attributable to:			
Equity holders of the Company	(38,482)	(17,088)	125
Non-controlling interest	(9,351)	160	N.M
	(47,833)	(16,928)	183

N.M. denotes "Not Meaningful"

Note:

The exchange rate of S\$1=IDR 9,830 (31 March 2015: S\$1=IDR 9,508) was used for translating IMAS's assets and liabilities at the balance sheet date and S\$1=IDR 9,650 (31 March 2015: S\$1=IDR 9,414) was used for translating the results for the period.

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

	Group	
	1st Qtr 2016	1st Qtr 2015
	S\$'000	S\$'000
Amortisation of intangible assets	4,105	4,103
Depreciation of property, plant and equipment	21,300	21,548
Depreciation of investment properties	5,777	5,640
Gain on sale of property, plant and equipment	(341)	(166)
Allowance for impairment loss on trade receivables and foreclosed assets	7,172	8,307
Allowance for inventories obsolescence	161	52
Gain on disposal of associates	-	(9,223)

1(b)(i). *A Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.*

	Group		Company	
	31.03.16 S\$'000	31.12.15 S\$'000	31.03.16 S\$'000	31.12.15 S\$'000
Assets				
Non-current				
Intangible assets	784,564	788,666	131	171
Property, plant and equipment	625,696	639,866	26	34
Investment properties	179,152	183,984	-	-
Subsidiaries	-	-	2,557,260	2,557,260
Associates	216,555	215,405	-	-
Financing receivables	395,102	383,988	-	-
Deferred tax assets	45,154	40,527	6,502	6,502
Other non-current assets	579,021	626,979	11,305	11,649
	<u>2,825,244</u>	<u>2,879,415</u>	<u>2,575,224</u>	<u>2,575,616</u>
Current				
Land inventories	632,849	630,027	-	-
Other inventories	306,753	298,605	-	-
Financing receivables	399,737	423,083	-	-
Trade and other receivables	597,156	523,039	69,388	58,859
Cash and bank balances	281,107	201,921	3,157	18,074
	<u>2,217,602</u>	<u>2,076,675</u>	<u>72,545</u>	<u>76,933</u>
Total assets	<u>5,042,846</u>	<u>4,956,090</u>	<u>2,647,769</u>	<u>2,652,549</u>
Equity and liabilities				
Share capital	1,880,154	1,880,154	1,880,154	1,880,154
Accumulated losses	(21,190)	(5,534)	(117,387)	(101,760)
Reserves	(199,977)	(176,819)	80,000	80,000
Equity attributable to equity holders of the Company	<u>1,658,987</u>	<u>1,697,801</u>	<u>1,842,767</u>	<u>1,858,394</u>
Non-controlling interest	<u>330,003</u>	<u>336,434</u>	<u>-</u>	<u>-</u>
Total equity	<u>1,988,990</u>	<u>2,034,235</u>	<u>1,842,767</u>	<u>1,858,394</u>
Liabilities				
Non-current				
Borrowings	530,547	500,684	-	-
Debt securities	694,822	622,634	452,134	451,677
Deferred tax liabilities	95,872	95,681	-	-
Employee benefits liabilities	31,794	30,960	-	-
Other non-current liabilities	33,120	35,524	3,376	3,376
	<u>1,386,155</u>	<u>1,285,483</u>	<u>455,510</u>	<u>455,053</u>
Current				
Trade and other payables	383,558	361,886	27,097	17,877
Borrowings	903,022	973,498	147,433	145,604
Debt securities	365,278	286,707	174,955	174,693
Current tax payable	15,843	14,281	7	928
	<u>1,667,701</u>	<u>1,636,372</u>	<u>349,492</u>	<u>339,102</u>
Total liabilities	<u>3,053,856</u>	<u>2,921,855</u>	<u>805,002</u>	<u>794,155</u>
Total liabilities and equity	<u>5,042,846</u>	<u>4,956,090</u>	<u>2,647,769</u>	<u>2,652,549</u>

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

	Group	
	31.03.16	31.12.15
	S\$'000	S\$'000
(i) Amount payable in one year or less, or on demand		
Secured	1,093,345	1,085,512
Unsecured	174,955	174,693
	1,268,300	1,260,205
(ii) Amount repayable after one year		
Secured	773,235	671,641
Unsecured	452,134	451,677
	1,225,369	1,123,318
TOTAL	2,493,669	2,383,523

(iii) Details of any collaterals

The Group's borrowing and debt securities are secured with the following:-

1. Mortgage of land titles over Batamindo Industrial Park;
2. Pledge of shares and accounts of PT Batamindo Investment Cakrawala ("PT BIC");
3. Assignment of insurance proceeds, receivables and equipment of PT BIC;
4. Pledge of shares of PT Buana Megawisata ("PT BMW"); and
5. PT Indomobil Sukses Internasional Tbk's borrowings and debt securities are secured by mortgage over land, inventories, property, plant and equipment, marketable equities of available-for-sales assets, trade and other receivables, financing receivables and bank accounts of its various subsidiaries in Indonesia.

1(c). **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group	
	Quarter ended	
	31.03.16	31.03.15
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before taxation	(12,278)	(6,304)
Adjustments for:		
Amortisation of intangible assets	4,105	4,103
Depreciation of property, plant and equipment	21,300	21,548
Depreciation of investment properties	5,777	5,640
Unrealised currency translation differences	(1,296)	(1,150)
Allowance for inventories obsolescence	161	52
Provision for employee benefits	1,163	1,020
Impairment loss on trade receivables	7,172	8,307
Gain on sale of property, plant & equipment	(341)	(166)
Gain on disposal of associates	-	(9,223)
Fair value loss on derivative instruments	-	(2,683)
Share of associates' results	(1,688)	1,613
Interest expense	34,588	31,359
Interest income	(1,285)	(7,160)
Cash from operations before changes in working capital	57,378	46,956
Changes in working capital		
Increase in land inventories	(2,822)	(6,621)
Increase in other inventories	(14,728)	(62,209)
Increase in operating receivables	(76,342)	(83,678)
Increase in operating payables	68,964	143,832
Cash generated from operating activities	32,450	38,280
Income tax paid	(26,320)	(22,438)
Employee benefits paid	(152)	(89)
Interest paid	(63,396)	(28,702)
Interest received	2,979	2,254
Deposits refunded to tenants/golf members	10	1,064
Net cash used in operating activities	(54,429)	(9,631)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(23,650)	(20,490)
Acquisition of intangible assets	(3)	(66)
Acquisition of investment properties	(1,724)	(46)
Acquisition of other assets	-	-
Addition in investment in shares stock	(2,059)	(1,349)
Proceeds from sales of investment in shares of stock	-	20,969
Proceeds from sale of property, plant and equipment	2,642	745
Net cash used in investing activities	(24,794)	(237)
Cash flows from financing activities		
Acquisition of non-controlling interests	(2,878)	(132)
Repayment to other financing activities	1,580	(3,314)
Proceeds from bank borrowings	454,636	546,006
Repayment of bank borrowings	(450,353)	(602,473)
Proceeds from issuance of bonds and shares	152,593	74,114
Proceeds from additional capital stock contribution of non-controlling interest	4,415	-
Dividend paid to non-controlling interests	(263)	-
Net cash generated from financing activities	159,730	14,201
Net increase in cash and cash equivalents	80,507	4,333
Cash and cash equivalents at beginning of period	201,921	161,292
Effect of currency translation on cash and cash equivalent	(1,321)	(326)
Cash and cash equivalents at end of period	281,107	165,299

1(d)(i). A statement (for the issuer and group) showing either (i) all the changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of changes in equity for the period ended 31 March 2016:

	Share Capital \$'000	Capital Reserve \$'000	Translation Reserve \$'000	Hedging Reserve \$'000	Fair Value Reserve \$'000	Other Reserves \$'000	Retained Earnings \$'000	Total \$'000	Non- controlling Interests \$'000	Total Equity \$'000
Balance as at 1 January 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 period, as reported	-	-	-	-	-	-	(10,410)	(10,410)	1,193	(9,217)
Other comprehensive income/(expenses)	-	-	(68)	3,726	(11,028)	692	-	(6,678)	(1,033)	(7,711)
Total comprehensive income/(expenses) for the period	-	-	(68)	3,726	(11,028)	692	(10,410)	(17,088)	160	(16,928)
Changes in interest in subsidiaries and effect of transaction with non-controlling interest	-	-	-	-	-	(592)	-	(592)	449	(143)
Balance as at 31 March 2015	1,880,154	(105,771)	(62,409)	7,172	(11,343)	5,972	91,604	1,805,379	362,616	2,167,995
Balance as at 1 January 2016	1,880,154	(105,771)	(71,217)	6,803	(9,661)	3,027	(5,534)	1,697,801	336,434	2,034,235
Loss for the period	-	-	-	-	-	-	(15,656)	(15,656)	828	(14,828)
Other comprehensive (expenses)/income	-	-	(1,931)	(2,205)	(19,572)	882	-	(22,826)	(10,179)	(33,005)
Total comprehensive (expenses)/income for the period	-	-	(1,931)	(2,205)	(19,572)	882	(15,656)	(38,482)	(9,351)	(47,833)
Changes in interest in subsidiaries and effect of transaction with non-controlling interest	-	-	-	-	-	(332)	-	(332)	2,920	2,588
Balance as at 31 March 2016	1,880,154	(105,771)	(73,148)	4,598	(29,233)	3,577	(21,190)	1,658,987	330,003	1,988,990

1(d)(i). *A statement (for the issuer and group) showing either (i) all the changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.*

Statement of changes in equity of the Company for the period ended 31 March 2016:

	Share Capital S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
Balance as at 1 January 2015	1,880,154	80,000	(49,772)	1,910,382
Total comprehensive expense for the period	-	-	(10,965)	(10,965)
Balance as at 31 March 2015	<u>1,880,154</u>	<u>80,000</u>	<u>(60,737)</u>	<u>1,899,417</u>
Balance as at 1 January 2016	1,880,154	80,000	(101,760)	1,858,394
Total comprehensive expense for the period	-	-	(15,627)	(15,627)
Balance as at 31 March 2016	<u>1,880,154</u>	<u>80,000</u>	<u>(117,387)</u>	<u>1,842,767</u>

- 1(d)(ii). Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issue of equity securities, issue of shares for cash or consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at end of the current financial period reported on and as at end of the corresponding period of the immediately preceding financial year.**

Shares to be issued upon exercise of conversion right of convertible bond:-

The details are as follows:

	As at 31 Mar 2016	As at 31 Mar 2015
Conversion right of convertible bond	250,000,000	250,000,000

- 1(d)(iii). To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares as at 31 March 2016 and 31 March 2015 were 4,824,965,112. The company does not hold any treasury shares as at 31 March 2016 and 31 March 2015.

- 1(d)(iv). A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

None.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The financial statements have not been audited or reviewed by the auditor.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those of the audited financial statements as at 31 December 2015.

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

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted the new and revised standards and interpretations of FRS (INT FRS that are effective for annual periods beginning on or after 1 January 2016. The adoption of these standards and interpretations does not have any effect on the financial performance or position of the Group and the Company.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding year, after deducting any provision for the preference dividends; (a) Based on weighted average number of shares and (b) On a fully diluted basis (detailing any adjustments made to the earnings)**

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

	Group	
	1st Qtr 2016	1st Qtr 2015
Net loss attributable to equity owners of the Company (S\$'000)	(15,656)	(10,410)
(i) Based on the weighted average number of ordinary shares on issue (cents)	(0.324)	(0.216)
(ii) On a fully diluted basis (cents) ⁽¹⁾	(0.324)	(0.216)

⁽¹⁾ The conversion right of convertible bond has not been included in the calculation of diluted loss per shares as these will have an anti-dilutive effect (i.e. resulting in a reduction in loss per share)

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	31.03.16	31.03.15	31.03.16	31.03.15
Net asset value per ordinary share	34.38 cents	41.30 cents	38.19 cents	39.37 cents

The net asset value per ordinary share is calculated using the Group's net assets value as at end of each period divided by the share capital of 4,824,965,112 ordinary shares as at 31 March 2016 and 31 March 2015.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

1st Quarter 2016 (1Q 2016) vs. 1st Quarter 2015 (1Q 2015)

Profit & Loss Statement

IMAS's 1Q 2016 revenue was S\$433.7 million as compared to S\$536.4 million in 1Q 2015. The Group (excluding IMAS) registered marginally lower revenue of S\$38.5 million as compared to S\$40.9 million in 1Q 2015. Consolidated Group revenue was S\$472.2 million, representing 18.2% reduction from 1Q 2015's S\$577.3 million. Lower Group revenue was mainly due to lower priced vehicle models while maintaining market share in response with broader slowdown in Indonesia economy.

IMAS's 1Q 2016 cost of sales was S\$365.0 million as compared to S\$467.0 million in 1Q 2015. The Group's (excluding IMAS) cost of sales was S\$31.6 million as compared to S\$33.7 million in 1Q 2015. In line with lower revenue, the Consolidated Group's cost of sales decreased from S\$500.7 million in 1Q 2015 to 1Q 2016's S\$396.6 million. Accordingly, the Group registered lower gross profit of S\$75.6 million in 1Q 2016 as compared to S\$76.6 million in 1Q 2015.

IMAS's 1Q 2016 "other income" was S\$16.3 million as compared to S\$22.7 million in 1Q 2015. The Group's (excluding IMAS) "other income" was S\$4.3 million as compared to S\$7.8 million in 1Q 2015. Accordingly, the Consolidated Group's "other income" was S\$20.6 million in 1Q 2016 which was lower than 1Q 2015's S\$30.5 million and was mainly due to one-time gain on disposal of non-core investment and sales incentives from the car manufacturers in the previous period.

IMAS's 1Q 2016 "general and administrative expenses" was S\$30.5 million as compared to S\$31.0 million in 1Q 2015 where the Group's (excluding IMAS) was S\$3.7 million in the current period as compared to 1Q 2015's S\$4.0 million. The Consolidated Group's "general and administrative expenses" was S\$38.3 million as compared to 1Q 2015's S\$39.0 million. Marginally lower expenses were mainly due to lower provision for doubtful debts in the automotive segment.

IMAS's 1Q 2016 "other operating expenses" was S\$32.2 million as compared to 1Q 2015's S\$36.3 million. The Group's (excluding IMAS) "other operating expenses" was S\$5.1 million in 1Q 2016 and 1Q 2015. The Consolidated Group's "other operating expenses" was S\$37.3 million as compared to 1Q 2015's S\$41.4 million. Lower expenses were mainly due lower manpower cost and marketing expenses.

The Consolidated Group's 1Q 2016 "share of associated companies' result" was S\$1.7 million profit as compared to 1Q 2015's S\$1.6 million loss and was mainly due to improvement in IMAS associated companies' results.

IMAS's 1Q 2016 "finance costs" was S\$20.3 million as compared to S\$18.0 million in 1Q 2015. The Group's (excluding IMAS) "finance costs" was S\$14.3 million as compared to S\$13.4 million in 1Q 2015. The Consolidated Group's "finance costs" was S\$34.6 million as compared to S\$31.4 million in 1Q 2015 and higher finance costs was due to higher interest rates from the external bank borrowings.

IMAS's 1Q 2016 net profit was S\$1.0 million as compared to S\$0.5 million in 1Q 2015 and was mainly due to lower operating expenses and tax expenses. The Group's (excluding IMAS) net loss was S\$14.5 million as compared to S\$10.9 million loss in 1Q 2015 and was mainly due to lower utilities' revenue and higher interest cost. The Consolidated Group's net loss for 1Q 2016 was S\$15.6 million as compared to 1Q 2015's S\$10.4 million net loss.

Balance Sheet

The Group's total assets of S\$5,042.8 million as at 31 March 2016 were S\$86.8 million higher than as at the previous year end. Other non-current assets decreased by S\$47.9 million mainly due to the decline in value of the Group's quoted equity investments. Current assets increased by S\$140.9 million to S\$2,217.6 million mainly due to the increase in trade and other receivables and cash and bank balances arising from financing activities.

The Group' total liabilities of S\$3,053.9 million as at 31 March 2016 were S\$132.0 million higher than as at the previous year-end and was mainly due to the increased in borrowing for capital expenditure, investment and increased funding in IMAS's financing arm. The Group's borrowings and debt securities as at 31 March 2016 were S\$2.5 billion of which S\$954.0 million relates to IMAS' financial services business.

Cash Flow Statement

Net cash used in operating activities was S\$54.4 million as compared to S\$9.6 million in the previous period was due to lower cash flows from operations after working capital changes and higher interest and taxes payments.

Net cash used in investing activities was S\$24.8 million and was mainly due to capital expenditure. The outflow was partially offset by proceeds from the disposal of fixed assets.

Net cash generated from financing activities was S\$159.7 million mainly from the proceeds from issue of debt securities and borrowings.

9. ***Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.***

No forecast or prospect statement has been previously disclosed.

10. ***A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.***

The reduced consumer spending in Indonesia has adversely impacted IMAS's vehicle sales. IMAS has witnessed recent stability in the vehicle assembly business and has returned to profitability. In addition, contributions from finance, vehicle service and rental related businesses are growing and will become critical revenue segments in IMAS.

11. ***If a decision regarding dividend has been made.***

Not applicable.

12. ***If no dividend has been declared (recommended), a statement to that effect.***

No dividend has been declared (recommended) for the quarter ended 31 March 2016.

13. Pursuant to Rule 920 of the SGX-ST Listing Manual, details of the aggregate value of the interested person transactions transacted.

The aggregate value of the interested person transactions for the financial period ended 31 March 2016 was as follows:

Name of interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
PURCHASES		
PT Indomobil Manajemen Corpora Interest Expenses		262
SALES		
PT Alam Indah Bintan Sales		422
PT Straits CM Village Sales		543
PT Ria Bintan Sales		426
PT Wahana Inti Sela Interest Income		269

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers.

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY THE ORDER OF THE BOARD

CHOO KOK KIONG
EXECUTIVE DIRECTOR AND COMPANY SECRETARY
9 MAY 2016

CONFIRMATION BY DIRECTORS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We confirm on behalf of the Board of Directors of Gallant Venture Ltd., that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company for the First Quarter Financial Statements for the period ended 31 March 2016 to be false or misleading in any material aspect.

For and on behalf of the Board

Eugene Cho Park
CEO / Executive Director

Gianto Gunara
Executive Director

Date: 9 MAY 2016