

GALLANT VENTURE LTD

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DIFFERENCES BETWEEN UNAUDITED AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Board of Directors of Gallant Venture Ltd. ("**Company**") refers to the unaudited full year results announcement for the financial year ended 31 December 2016 released via the SGX-NET on 27 February 2017 (the "Unaudited Financial Statements"). Further reference is made to the Audited Financial Statements of the Company for FY2016 (the "Audited Financial Statements") which will be provided to shareholders and the SGX-ST in due course.

Pursuant to Rule 704(6) of the Listing Manual, the Board wishes to highlight that there are certain adjustments made by the Company to the Consolidated Statement of Comprehensive Income, Statements of Financial Position and Consolidated Statement of Cash Flows in the Audited Financial Statements as compared to the Unaudited Financial Statements. The adjustments were made following the finalisation of the Company's subsidiary, PT Indomobil Sukses Internasional Tbk ("IMAS") non-material sub-group's audits and reclassification of some of the line items. The adjustments are set out in the Appendix A of this announcement.

BY ORDER OF THE BOARD
GALLANT VENTURE LTD.

Choo Kok Kiong
Executive Director and Company Secretary
11 April 2017

Appendix 1

Consolidated Statement of Comprehensive Income for the year ended 31 December 2016

	Group			Notes
	Audited	Unaudited	Variance	
	FY 2016	FY 2016	FY 2016	
	\$'000	\$'000	\$'000	
Revenue	1,715,757	1,719,676	(3,919)	1
Cost of sales	(1,407,968)	(1,411,967)	3,999	1
Gross profit	307,789	307,709	80	
Other income	281,722	232,454	49,268	2
General and administrative expenses	(175,287)	(173,804)	(1,483)	3
Other operating expenses	(204,310)	(155,915)	(48,395)	2
Share of associated company's results	(13,746)	(14,439)	693	4
Finance costs	(132,672)	(132,867)	195	5
Profit before taxation	63,496	63,138	358	
Taxation	(21,734)	(23,197)	1,463	6
Profit after taxation	41,762	39,941	1,821	
Profit attributable to:-				
Equity holders of the company	72,157	71,391	766	
Non-controlling interest	(30,395)	(31,450)	1,055	
	41,762	39,941	1,821	
Other comprehensive (expenses)/income after taxation:				
<u>Items that are/may be reclassified subsequently to profit or loss</u>				
Change in fair value of available-for-sales investments	(14,109)	(14,109)	-	
Changes in fair value derivative instrument - net of tax	(3,452)	(3,221)	(231)	
Currency translation differences from foreign subsidiaries	33,105	33,121	(16)	
<u>Items that will not be reclassified subsequently to profit or loss</u>				
Remeasurements of defined benefit plans	(3,455)	(1,308)	(2,147)	7
Other comprehensive income after taxation	12,089	14,483	(2,394)	
Total comprehensive income for the year	53,851	54,424	(573)	
Profit attributable to:-				
Equity holders of the company	77,480	78,441	(961)	
Non-controlling interest	(23,629)	(24,017)	388	
	53,851	54,424	(573)	

Notes:

1. Due to the adjustment of inter-company revenue.
2. Due to the reclassification of impairment for goodwill, associates and other assets written off amounted to \$48.7 million from other income to other operating expenses.
3. Due to the adjustment of rental expenses and employee service benefits.
4. Due to the adjustment of associates' losses.
5. Due to the adjustment of finance cost.
6. Due to the adjustment of deferred tax expenses.
7. Due to the adjustment of final calculation of employee benefit.

Consolidated Statements of Financial Position as at 31 December 2016

	Group		Variance FY 2016	Notes
	Audited	Unaudited		
	FY 2016	FY 2016		
	\$'000	\$'000	\$'000	
Assets				
Non-Current				
Intangible assets	748,650	748,647	3	
Property, plant and equipment	549,332	547,899	1,433	1
Investment properties	231,686	233,512	(1,826)	1
Associates	233,628	316,505	(82,877)	2
Financing receivables	510,359	510,359	-	
Deferred tax assets	40,025	40,992	(967)	3
Other non-current assets	152,918	68,757	84,161	2
	<u>2,466,598</u>	<u>2,466,671</u>	<u>(73)</u>	
Current				
Land inventories	612,963	612,963	-	
Other inventories	217,164	216,973	191	4
Financing receivables	447,139	447,254	(115)	5
Trade and other receivables	590,924	600,767	(9,843)	6
Cash and bank balances	425,413	425,931	(518)	7
	<u>2,293,603</u>	<u>2,303,888</u>	<u>(10,285)</u>	
Total assets	<u>4,760,201</u>	<u>4,770,559</u>	<u>(10,358)</u>	
Equity and liabilities				
Share capital	1,880,154	1,880,154	-	
Accumulated losses	(162,767)	(163,533)	766	
Reserves	(168,281)	(166,468)	(1,813)	8
Equity attributable to equity holders of the Company	<u>1,549,106</u>	<u>1,550,153</u>	<u>(1,047)</u>	
Non-controlling interests	317,711	314,454	3,257	
Total equity	<u>1,866,817</u>	<u>1,864,607</u>	<u>2,210</u>	
Liabilities				
Non-Current				
Borrowings	634,194	633,470	724	9
Debt securities	634,488	409,908	224,580	9
Deferred tax liabilities	94,040	93,866	174	3
Employee benefits liabilities	38,467	38,341	126	10
Other non-current liabilities	33,804	34,007	(203)	2
	<u>1,434,993</u>	<u>1,209,592</u>	<u>225,401</u>	
Current				
Trade and other payables	278,622	285,663	(7,041)	6
Borrowings	1,029,535	1,030,912	(1,377)	9
Debt securities	139,262	363,842	(224,580)	9
Current tax payable	10,972	15,943	(4,971)	6
	<u>1,458,391</u>	<u>1,696,360</u>	<u>(237,969)</u>	
Total liabilities	<u>2,893,384</u>	<u>2,905,952</u>	<u>(12,568)</u>	
Total equity and liabilities	<u>4,760,201</u>	<u>4,770,559</u>	<u>(10,358)</u>	

Consolidated Statements of Financial Position as at 31 December 2016 (Cont'd)

Notes:

1. Due to the reclassification of investment properties to property, plant and equipment.
2. Due to the reclassification of associates to non-current assets for investment in shares that was less than 20%.
3. Due to the adjustment of deferred tax.
4. Due to the additional recognition of other inventories.
5. Due to the adjustment of financing receivables.
6. Due to the reclassification of prepaid tax from other receivables to current tax payable, adjustment for deferred tax expenses, and elimination of inter-company balances.
7. Due to payments from operating activities.
8. Due to the adjustment of currency translation differences, derivative instrument and remeasurement of defined benefit plans.
9. Due to the reclassification of current borrowings and debts to non-current.
10. Due to the adjustment of final calculation of employee benefit.

Consolidated Statement of Cash Flows for the for the year ended 31 December 2016

Group

	<u>Audited</u>	<u>Unaudited</u>	<u>Variance</u>
	<u>FY 2016</u>	<u>FY 2016</u>	<u>FY 2016</u>
	\$'000	\$'000	\$'000
Cash Flows from Operating Activities			
Profit before taxation	63,496	63,136	360
Adjustments for:			
Amortisation of intangible assets	16,422	16,433	(11)
Depreciation of property, plant and equipment and investment properties	104,480	103,686	794
Gain on disposal of property, plant and equipment	(5,076)	(412)	(4,664)
Gain on disposal of investment properties	(3,173)	-	(3,173)
Impairment of trade and other receivables	33,148	27,816	5,332
Loss on sales of foreclosed assets	16,514	16,514	-
Reversal of allowance for inventories obsolescence	(1,364)	(1,147)	(217)
Provision for employees' benefits	5,873	5,530	343
Interest expense	132,672	132,867	(195)
Interest income	(16,530)	(16,527)	(3)
Fair value loss on derivative instruments	(3,026)	(3,026)	-
Impairment in goodwill	3,164	48,687	(45,523)
Impairment in associates	33,549	-	33,549
Written off other assets	11,974	-	11,974
Net gain on disposal of subsidiary	(220,623)	(220,623)	-
Share of associates' result	13,746	14,439	(693)
Operating profit before working capital changes	185,246	187,373	(2,127)
Increase in land inventories	(14,558)	17,064	(31,622)
Decrease in other inventories	92,372	92,561	(189)
Increase in operating receivables	(7,447)	14,550	(21,997)
Increase in operating payables	70,993	55,528	15,465
Cash generated from operating activities	326,606	367,076	(40,470)
Income tax paid	(80,021)	(79,659)	(362)
Interest paid	(199,888)	(199,504)	(384)
Interest received	11,949	11,946	3
Employee benefits paid	(1,134)	(888)	(246)
Deposits refunded from tenants/golf members	-	3,146	(3,146)
Net cash generated from operating activities	57,512	102,117	(44,605)
Cash Flows from Investing Activities			
Acquisition of intangible assets	(106)	(97)	(9)
Acquisition of property, plant and equipment	(134,973)	(94,877)	(40,096)
Acquisition of investment properties	(55,019)	(88,605)	33,586
Dividend from associates	250	250	-
Proceeds from disposal of property, plant and equipment	43,656	5,213	38,443
Proceeds from sales of associates	364	-	364
Proceeds from disposal of investment properties	4,115	-	4,115
Disposal of subsidiaries, net of cash disposal	390,095	390,095	-
Addition in investment in shares stock	(59,550)	(59,259)	(291)
Interest received on and proceeds from restricted cash and time deposits	(406)	101	(507)
Net cash generated from investing activities	188,426	152,821	35,605

Consolidated Statement of Cash Flows for the for the year ended 31 December 2016 (cont'd)

Group

	<u>Audited</u>	<u>Unaudited</u>	<u>Variance</u>
	<u>FY 2016</u>	<u>FY 2016</u>	<u>FY 2016</u>
	\$'000	\$'000	\$'000
Cash Flows from Financing Activities			
Proceeds from other financing activities	152,593	145,329	7,264
Repayment of other financing activities	(307,828)	(300,462)	(7,366)
Acquisition of non-controlling interests	(3,073)	(3,073)	-
Proceeds from bank borrowings	2,018,338	2,018,339	(1)
Repayment of bank borrowings	(1,885,519)	(1,884,954)	(565)
Proceeds from additional capital stock contribution of NCI	377	(8,765)	9,142
Dividends paid to non-controlling interests	(4,011)	(4,011)	-
Net cash used in financing activities	(29,123)	(37,597)	8,474
Increase in cash and cash equivalents	216,815	217,341	(526)
Cash and cash equivalents at beginning of year	201,921	201,921	-
Effect of currency translation on cash and cash equivalent	6,677	6,669	8
Cash and cash equivalents at end of year	425,413	425,931	(518)

Notes:

As a result of the changes to the Consolidated Statements of Financial Position and Consolidated Statement of Comprehensive Income, correspondence changes has been made to the Consolidated Statement of Cash Flows.