



SECOND QUARTER 2008 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

Further to our 2nd Quarter 2008 Financial Statements and Dividend Announcement on 5 August 2008, the Board of Directors of Gallant Venture Ltd advise the following questions raised by Singapore Exchange and our replies to the queries:

(a) We note in Paragraph 1(a)(i) of the results announcement that 'General and administrative expenses' has increased by 50.8% from S\$2.041 million in 2Q 2007 to S\$3.078 million in 2Q2008. In respect of the above, please provide breakdown of major items and explain material changes.

The breakdown of major items in the "General and administrative expenses" is as follows:

	2Q08 S\$'000	2Q07 S\$'000	+/-
Salary and related expenses	1,279	805	58.9%
General administrative expenses	1,258	1,235	1.9%
Marketing and management expenses	541	-	100%
Total	3,078	2,041	50.8%

The explanation for major changes is as follows:

Historically, most of the Group's management and marketing staff were employed through outsourced related companies and the cost was classified under "Other operating expenses". To provide more transparent information, the Group has terminated these arrangements and transferred the staff directly to the Group and consequently the salary and related expenses and marketing and management expenses increased.

(b) We note in Paragraph 1(b)(i) of the results announcement that 'Trade and other receivables' has increased by 22.6% from S\$62.067 million as at 31 Dec 2007 to S\$76.105 million as at 30 Jun 2008 when 'Revenue' has decreased by 18.4% in 2Q2008 and 9.4% in 1H2008. In respect of the above, please provide the following information:

- i. **Breakdown on major items contributing to increase in 'Trade and other receivables'.**

The breakdown of the "Trade and other receivables" is as follows:

	30.06.08 S\$'000	31.12.07 S\$'000	+/-
Trade receivables	61,977	48,186	28.6%
Other receivables	11,508	11,301	1.8%
Amount due from related companies	2,621	2,581	1.6%
Total	76,105	62,067	22.6%

**ii. Reasons for the increase in 'Trade and other receivables'.**

Approximately 35% of the increase in trade receivables was due to financial reporting cut-off where cash received immediately after 30 June 2008 was not recorded in 1H 2008's results and increase in the electricity tariff charged to industrial parks tenants caused most of the rest of the increase in trade receivables balance.

iii. Trade and other receivables turnover days for current period as compared to previous corresponding period and elaborate on material variances, if any.

	<u>30.06.08</u>	<u>30.06.07</u>
Credit sales (S\$'000)	112,065	109,730
No of days	181	180
Trade receivable turnover (times)	2.03	2.18
Trade receivable turnover (days)	89	82

The longer trade receivables turnover days for 2Q2008 was mainly due to financial reporting cut-off where cash received immediately after 30 June 2008 was not recorded in 1H 2008 results. For the purpose of computation of trade receivables turnover days, the revenue for previous corresponding period of 2Q2007 excludes cash sale of land amounting to S\$13.9 million.

iv. Directors' views on whether provision for doubtful debt is adequate and basis for their views.

The Group made full provision for receivables due more than 365 days or specific provision on receivables that have defaulted or turn doubtful. As the trade debtors continue to pay and the increase of the receivables is mainly due to increasing electricity tariffs charged by us, the Board felt that further provision is not required. The Group reviews adequacy of doubtful debt provision quarterly.

BY THE ORDER OF THE BOARD

CHOO KOK KIONG
COMPANY SECRETARY
8 August 2008

Asian Corporate Advisors Pte Ltd ("ACA") and Genesis Capital Pte Ltd ("Genesis") were the Issue Managers of Gallant Venture Ltd.'s listing exercise. ACA and Genesis assume no responsibility for the contents of this announcement.