GALLANT VENTURE

TOTAL SOLUTIONS
TOTAL VALUE

Annual Report 2006

Total Solutions. Total Value.

In everything we do, we pride ourselves on our ability to deliver total, integrated solutions to our customers. Whether in our Utilities business, our Industrial Parks business, our Resort Operations business, or our Property Development business, our ability to create value stems from this integrated approach to delivering solutions.

Contents

**Gallant Venture Share Price since listing 6 June - 31 December 2006*

With more than a decade of excellence in property development in Batam and Bintan, Gallant Venture Ltd. is recognized as the leading large scale developer in the Riau Archipelago. By converting vast tracts of land into industrial parks and recreational resorts, we have transformed the region into the sophisticated international commercial focal point it is now.

Since our establishment in the early 1990s, we have been an important innovator in four key business segments: utilities, industrial parks, resort operations and property development, and has helped catalyze the growth of the Riau Archipelago from a sleepy population of less than 200,000 to the bustling 1,200,000 people today.

Gallant Venture

Our utilities business develops and delivers power, water, telecommunications and waste management services to an international standard to our clients in the Riau Islands, and was instrumental in bringing new foreign direct investment into the Riau Archipelago.

Our state-of-the-art industrial parks create a first world environment for manufacturing businesses to take advantage of Indonesia's lower cost base while still benefiting from Singapore's world class infrastructure, ports, and financial and other supporting services.

Our resort operations business delivers a suite of services required for potential partners in the industrial parks or property development business to start up quickly and painlessly on a turn key basis. We also currently carry over 320,000 passengers a year on our ferries, and house over 60,000 workers in our dormitories.

Our property development business is centered on Bintan Resorts, a destination with world class beaches and best in class golfing facilities. Bintan Resorts draws tourists from all over Asia, and increasingly, from around the world. With major hotel operators confirming new facilities hotel projects, we believe that Bintan Resorts will soon take its place high on the list of resort destinations.


KONECRANES
SWL

Utilities

Focusing on the delivery of power, clean water, telecommunications and waste management services to our facilities in the Batamindo Industrial Park, Bintan Industrial Estate and Bintan Resorts, our integrated Utilities business segment is essentially responsible in powering Gallant Venture's diverse endeavors. Historically generating a large portion of our revenues and free cash flow, these significant investments in power plants, potable water treatment facilities, water reservoirs, sewerage systems, and waste water treatment plants, are all properly conditioned and managed to accommodate the complex needs of our varied tenant base and allow for seamless operations in our properties while protecting the region's natural environment.


WISMA BATAMINDO

Industrial Parks

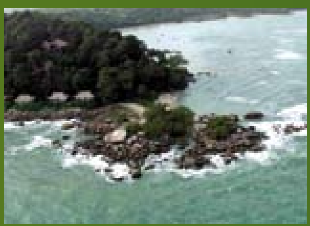
Corporations handling large-scale operations, most especially the ones in the multinational manufacturing industries, have distinct infrastructural and logistical needs that our highly functional industrial parks-the Batamindo Industrial Park in Batam and the Bintan Industrial Estate in Bintan-can respond to. Aside from providing ready-built factories that can be modified according to our investors' unique operational requirements, we also provide other logistical services such as warehousing, unit distribution, relocation facilities, and easy access to key ports in Singapore for transport to markets worldwide. We provide complete residential, recreational and commercial amenities for our tenant business communities, with their personal welfare and professional growth at the top priority. Multinational enterprises can find a secure home and a trusted partner in Gallant Venture.

Resort Operations

A perfect recreational attraction for tourists and nature aficionados, Bintan Resorts is a world-class assortment of boutique resorts and designer golf courses nestled on a 100-kilometer white sandy shoreline only 45 km from Singapore. All our resort enthusiasts are treated to a comfortable experience, as we offer facilities and services such as transportation, accommodation and a wide-ranging selection of travel packages to suit their various preferences. In addition, Bintan Resorts is home to internationally acclaimed resorts and hotels-including global brands Club Med and Banyan Tree-where we provide auxiliary amenities to ensure convenience and safety for visitors and investors. At Bintan Resorts, living the good life has never been more pleasurable.

Property Development

Sale of lands and integrated master planning of properties has always been one of our strengths. Our Property Development arm, through which we focus on developing our lands and transforming them into world-class industrial parks and luxurious tropical resorts, is geared towards accelerating our growth and advancing the region's land development in a world class form. In Bintan, where we are developing approximately 19,700 hectares of land, holistic planning has been crafted to turn it into an international commercial hub. It is only a matter of time before Lagoi Bay, an ideal location for niche developments and upscale vacation spots, becomes the unsurpassed destination of choice for business and leisure in this side of the world. By improving our infrastructure and support facilities, strengthening our investor relations, marketing our properties and servicing the communities we have successfully developed, we translate the region's promise of progress into a thriving reality.



Highlights of our 2006, included our corporate restructuring, re-launch of our property development business, and our successful listing on the Singapore Exchange.

My fellow shareholders,

2006 was an eventful year for our company. In April, we completed our restructuring exercise, bringing our shareholders and our 16 different companies together under the umbrella of Gallant Venture. We were lucky enough to constitute an impressive Board of Directors and Board of Advisors who successfully led us to our admission to the Singapore Exchange's SESDAQ in June.

Post restructuring, we began the reorganization of our company along four major lines of business, namely Utilities, Industrial Parks, Resort Operations, and Property Development. All of our business segments made excellent progress during the course of the year.

The results of our Utilities business showed improvement in 2006 as a consequence of an approximately $50-million investment program we started in the 4th quarter of 2005 to convert a significant portion of our electricity generation to use natural gas. Today, we produce almost 80% of our billable electrical power using natural gas for which we have a fixed price contract, thus allowing us to sell a significant portion of our power without being affected by global energy prices.

Our Industrial Parks business produced steady results in a competitive environment, with the bulk of our tenants satisfied with our ability to provide high quality infrastructure in a lower cost setting in close proximity to Singapore and its extremely efficient port facilities. While we faced increasing competition from other low cost environments such as Vietnam and China, we were able to leverage on our superior infrastructure to retain and attract tenants.

In 2006 our Resort Operations business carried over 320,000 visitors to Bintan via our ferries. Our services also benefited from the multi-million dollar refurbishment of the Tanah Merah Ferry Terminal in Singapore. In 2007, we look forward to finalizing our

Left to Right:
Mr Eugene Park
Mr Lim Hock San

orders for our new generation ferries which we hope will shorten the travel time from Singapore to Bintan to around 35 minutes.

Our Property Development business gained traction in 2006, with the signing of a number of contracts, including the two larger contracts previously announced which has now been branded as the exciting $1 billion Bintan Treasure Bay Development, as well as two smaller contracts at $75 per square meter which represents a significant premium to our carrying cost. These sales represent revenues of just under $36 million, and will be complemented with the launch of our 1,500-hectare Lagoi Bay Development in the first half of 2007.

There has been increasing attention on our businesses as a result of the new Special Economic Zone (SEZ) initiatives by the Indonesian and Singaporean governments. The framework was laid out in mid-2006 during a signing ceremony witnessed by the President of Indonesia Susilo Bambang Yudhoyono and Singapore Prime Minister Lee Hsien Loong. We are hoping to see the final details of this bilateral agreement soon.

In connection with the SEZ, we had high profile visits from leaders such as Indonesian President Susilo Bambang Yudhoyono, Indonesian Vice President Jusuf Kalla, Singapore Minister Mentor Lee Kuan Yew, Singapore Senior Minister Goh Chok Tong, and many other ministers from both Indonesia and Singapore.

With majority of our operations located adjacent to relatively low income areas, we believe that we must share our success with the local community. Our community development efforts continue to provide over 1,000 scholarships and bursary awards every year to students in the Bintan and Batam community. We are also proud that one of the students we sponsored to attend the SHATEC (Singapore Hotel and Tourism Education Center) was awarded the top prize. We have continued providing medical outpatient treatments to more than 600 local villagers during the course of our regular sponsored doctor visits, in addition to the annual contributions of gifts and building programs to the local schools and religious institutions.

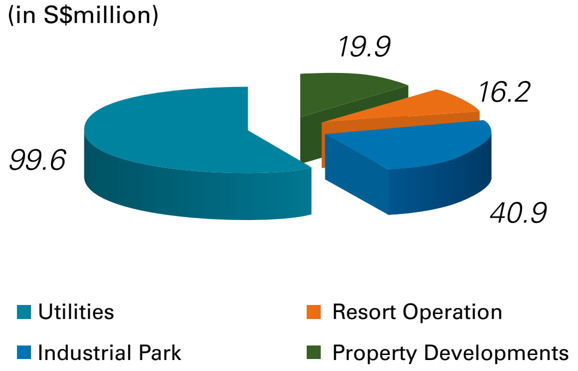
I know that many of you have yet to visit Bintan. As it forms one of the important parts of our Company's future, I encourage you to visit the island, and see the quality of the land we own and the types of developments we are working on. To make it easier for you to do this, we enclose a travel voucher in this Annual Report to Shareholders, which can be exchanged for a round trip off-peak Singapore-Bintan ferry ticket for each registered shareholder. We are confident that our businesses are strong and will continue to develop in the next years. We thank all of you for your continued support.

Mr Lim Hock San
Non-Executive Chairman
Independent Director

Mr Eugene Park
Executive Director
Chief Executive Officer

Growth and sharper focus on business fundamentals were the key themes in Gallant Venture's performance in 2006. Despite operating in an increasingly competitive business environment, we set our sights on deeper market penetration and took advantage of opportunities which resulted in continued expansion of our business segments.

Revenue Contribution by Division
(in S$million)



S$ 176.6 million
of Revenue

Financial Review

For the 8 months ended 31 December in 2006, our Group's turnover grew to S$176.6 million, owing to the good performance of our four business segments. Our Utilities division generated the highest revenue at S$99.6 million while Property Development accounted for S$19.9 million of our total revenue due to partial recognition of a valuable land sale. Our Industrial Park division and Resort Operations contributed S$40.9 million and S$16.2 million respectively.

We recorded a gross margin of S$61.7 million, representing a 34.9% growth in overall margin for 2006. Backed by a high margin contribution from our Property Development division, we registered a net after-tax profit of S$29.8 million or a net profit margin of 16.9%.

As at 31 December 2006, the book value of our assets amounted to S$1.5 billion while borrowings totaled to S$151.1 million - a testimony to our strong and stable financial disposition.

Basic and diluted EPS during this period were 1.20 cents and 2.06 cents if based on weighted number of shares in issue. Our NTA per share as at end of FY2006 was 51.05 cents.

The total capital expenditure for the year amounted to S$20.8 million, due mainly to the conversion of diesel-fired power plant to dual gas-diesel-fired power plant in the Batamindo Industrial Park.

Due to our April restructuring exercise leading up to our listing in June, we are reporting numbers this year for the 8 months ending 31 December 2006.

Concerted Operations, Sterling Results

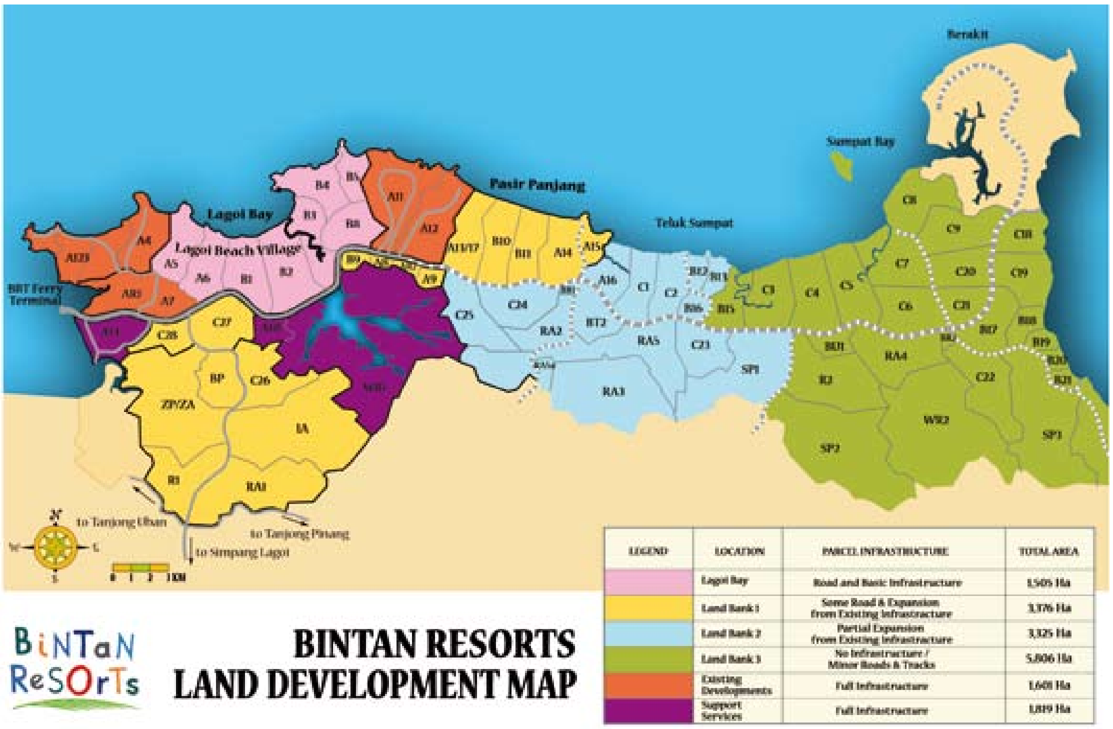
Across all our business segments, the overarching strategy of offering clients quality services clearly differentiated us from competitors and accounted for our remarkable performance in 2006.

Utilities
The division reported a turnover of S$99.6 million for FY2006, contributing a before-interest-and-tax earnings of S$16.7 million.

The fuel hike in Indonesia—caused by escalating global fuel prices and the government's removal of fuel subsidies—translated to higher power generation costs that consequently increased electricity tariffs for our tenants. To reduce power generation costs, PT BIC carried out Fuel Conversion Programs in 2006, which involved conversion of 12 diesel engines to gas-fired and installation of 3 new gas-fired generators.

The division also undertook the conversion of 6 light fuel generators to heavy fuel operations, construction of an incinerator for disposal of heavy fuel oil, and reduction of electricity tariffs to tenants.

Industrial Parks
A revenue of S$40.9 million was recorded for FY2006, accounting for a before-tax-and-interest profit of S$8.6 million. Collectively, our industrial parks in Batam and Bintan registered 86% take-up rates. In Batamindo



Industrial Park, available factory inventory stood at 74,000 square meters. In Bintan Industrial Estate, it stood at 15,632 square meters.

Due to an oversupply of factory space in Batam, the division had to contend with rental pressure. Improvement of our park services and constant customer dialogues, however, ensured tenant loyalty. The rate of signings for factory rentals still outnumbered the reductions, most especially during December when our Group saw new signings in Batamindo by 4 large multinational tenants.

Resort Operations

The segment currently supports 4 resorts and 9 hotels in Bintan, housing approximately 1,350 rooms and registered a net earnings before-interest-and-tax loss of S$6.7 million on a turnover of S$16.2 million.

Bintan Resorts accommodated a total of 323,610 visitors during 2006. FY2006 saw a 12.3% increase in visitor influx compared to 2005, attributable to a fast-growing Asian market. Singapore alone comprises the largest single market for Bintan Resorts with a 30.7% visitors share. The Indonesian and Korean arrivals headcount also rose 37.1% and 18.3% respectively. Furthermore, we saw emergent markets from China, India and Russia.

Property Development

In 2006 our Property Development arm signed contracts worth S$35.9 million (S$16 million of which will be recognized in FY2007) compared to 2005 revenues of nil. Before recognizing the interest and tax for FY2006, the division's earnings for FY2006 amounted to S$17.5 million.

Outlook

We expect our Utilities operations to remain stable and have generally organic growth along with our other businesses. Major initiatives include exploring investment in alternative power generating solutions to reduce electricity tariff to our customers in Bintan, where our power plants do not have the benefit of access to natural gas supply.

The Batam-Bintan-Karimun Special Economic Zone (SEZ) established by the Indonesian and Singaporean governments to promote investment activity in the region, will bring additional prospects to our Industrial Parks business in the coming years. To complement the business opportunities presented by this economic cooperation, we will market our industrial parks to more diverse industries.

In our Resort Operations, we expect a stronger 2007 performance as global and regional tourist trends continue upward. In addition, we have a strong pipeline of world class events scheduled for Bintan Resorts such as the Motorola Bintan Asian PGA Tour event and the Aviva Triathlon which should add significant numbers to our visitor arrivals.

The 2007 focus for our Property Development business is the 1,500 hectare Lagoi Beach Village project. Phase One will be launched in 1st half 2007, and will include the beach village, a number of large hotel sites, and a significant amount of beachfront residential land for sale on the beautiful 5km long Lagoi Bay.

2007 looks to be an exciting year for our Company as we build on our existing strengths and grow in new areas. As we look forward to greater growth for our Group, we will ensure to only deliver best results to our shareholders and quality service to our customers.

From Left to Right: Ms Low Sin Leng, Mr Gianto Gunara, Mr Eugene Cho Park, Mr Rivaie Rachman, Mr Lim Hock San, Mr Foo Ko Hing, BG (Ret) Chin Chow Yoon

Mr Lim Hock San

Non-Executive Chairman and Independent Director

Mr Lim is presently the President and Chief Executive Officer of United Industrial Corporation Limited as well as Singapore Land Limited. He is the Independent Director of Indofood Agri Resources Ltd. He has a Bachelor of Accountancy from the then University of Singapore and a Master of Science (Management) from Massachusetts Institute of Technology. Mr Lim also attended the Advanced Management Program 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 Certified Public Accountants of Singapore. He is also a recipient of the Singapore Government Meritorious Service Medal, the Public Administration Medal (Gold) and the Public Service Medal.

Mr Eugene Cho Park

Executive Director and Chief Executive Officer

Responsible for the overall management of Gallant, 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.

Mr Gianto Gunara
Executive Director

Mr Gunara is currently, Director of Business Operations at Island Leisure International Pte. Ltd. and Vice-President Director of PT Batamindo Executive Village. He also holds directorship in Nirwana Pte. Ltd., PT Bintan Resort Cakrawala, Bintan Resort Ferries Pte. Ltd., PT Ria Bintan, PT Straits CM Village, PT Bintan Inti Industrial Estate, Bintan Resort Development Corporation Pte. Ltd. and BRF Holidays Pte. Ltd. Mr Gunara has over 22 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.

Ms Low Sin Leng
Non-Executive Director

Ms Low is the Senior Executive Director of SembCorp Industries and concurrently the Executive Chairman of SembCorp Parks Holdings, Deputy Chairman of SembCorp Utilities. She is responsible for spear heading SembCorp's industrial parks businesses in China, Indonesia and Vietnam and has been the Vice-President Director of both PT BIC and PT BIIE since 2003. Prior to joining SembCorp, she was the Executive Vice President of Singapore Power and had served 20 years in the Singapore Government Administrative Service holding several senior positions in the Ministries of Finance, Trade & Industry and Education. A President Scholar, she holds an MBA (High Distinction) from the Catholic University of Leuven, Belgium, a B Eng (Distinction) from the University of Alberta, Canada and attended Harvard University's Advanced Management Program.

BG (Ret) Chin Chow Yoon
Non-Executive Director

BG (Ret) Chin is the Vice-President Director of PT BRC, Chairman of Bintan Resort Ferries Pte. Ltd., President of Bintan Resort Development Corporation Pte. Ltd. and Executive Chairman of Island Leisure International Pte. Ltd. He is also an Executive Director of Singapore Discovery Centre Ltd. BG (Ret) Chin has served as a director on the boards of Chartered Firearms Industries Private Limited from 1994 to 1996, Singapore Commuter Private Limited from 1991 to 1993, Vickers Capital Limited from 1984 to 1990. He was also the Chairman of Singapore Pools (Private) Limited from 2002 to 2004.

Mr Rivaie Rachman
Independent Director

Mr Rachman has been a Consultant for the Riau Economic Development Board since 1970. He was also the Vice-Governor of Riau Province from 1994 to 1999, Head of the Riau Investment Coordination Board from 1988 to 1994, Head of the Riau Economic Development Board from 1978, President Director of the Development Bank of Riau from 1965 to 1968 and the Head of Finance in the Riau Governor's Office from 1963 to 1965.

Mr Foo Ko Hing
Independent Director

After leaving Price Waterhouse in 1986, Mr Foo joined the HSBC Group in the Trust and Fiduciary Business. He was later seconded to HSBC Jersey C.I .for two years , where he was promoted to Executive Director around 1990.Upon returning to Singapore in 1991, he resumed responsibilities with the HSBC Investment Bank Group Private Banking and Trust Services as an Executive Director and Head of Business Development. He has also held positions as Executive Director and Chairman of the Exco of CAM International Holdings Ltd.

KEY MANAGEMENT

Gunawan Adiwibowo

The Director of PT BRC responsible for the Group's property development business, which includes managing land sales and infrastructure development in Bintan. Mr Adiwibowo joined the Group in 1994 and prior to that, he was Head of Sales and Marketing in PT Wahana Inti Central Mobilindo and the Product/Sales Manager of PT Indoturbine.

Malcolm Alphonso

The General Manager of PT BIIE responsible for the planning, development and growth of BIE as well as relationship management among tenants, BIE and related agencies. Mr Alphonso joined SembCorp Parks Management Pte. Ltd. in 1994 as the Assistant General Manager for PT BIIE. Prior to that, he held several staff and command appointments in Singapore and overseas with the Singapore Armed Forces, where he rose to the rank of Lieutenant-Colonel.

Choo Kok Kiong

The Group Chief Financial Officer overseeing Corporate Services. Mr Choo joined the Group in 2005 after holding various management positions in the SCI Group. He brings with him over 13 years of finance experience, having held the positions of Vice-President of Finance at SembCorp Parks Management Pte. Ltd. and SembCorp Parks Holdings Ltd., Assistant Vice-President of Finance at SembCorp Industries and Accounts Manager with Singapore Precision Industries Pte. Ltd.

Chow Yew Meng

The Deputy General Manager of PT BIC and an engineer by training. He has extensive experience in the power generation, transmission and distribution industry, having been with SembCorp Parks Management since 1995. Prior to that, Mr Chow was General Manager of Indoor Stadium Singapore and Development Resources, a subsidiary of PUB Singapore.

Elfast Goh Eng Pheng

The Corporate Human Resource Senior Manager responsible for the Group's strategic human resource management. Mr Goh has been with the Group since 2004 after holding managerial and supervisory positions in human resource with Island Leisure International Pte. Ltd., Delifrance Singapore Pte. Ltd., The Coffee Bean & Tea Leaf (S) Pte. Ltd., Rubycon Singapore Pte. Ltd. and Pentex-Schweizer Circuits Ltd.

Kuharajahsingam s/o Karalasingam

The General Manager of BRF responsible for the operation of ferry services between Singapore and Bintan Resorts. Before Mr Kuharajahsingam joined BRF in 2003, he was with the Singapore Armed Forces for over 30 years where he rose to the rank of Colonel and the Defence Science and Technology Agency as a Project Officer.

Albel Singh

The General Manager of PT BRC responsible for the day-to-day management of Bintan Resorts. Mr Albel Singh joined the Group as Assistant General Manager of PT BRC in 2002. Prior to that, Mr Albel Singh was with Singapore's Ministry of Home Affairs as Chief Training Officer after 30 years of service in the Ministry of Defence where he rose to the position of Brigade Commander holding the rank of Lieutenant-Colonel.

Johannes Sulistijawan Surjaatmadja

The General Manager (Corporate) of PT BIC responsible for the organisation's General Administration Division, Finance Division, General Affairs and Human Resource Division. Mr Surjaatmadja has been seconded to the Group by SembCorp Parks Management Pte. Ltd. since 1990. Before that, he was General Manager of PT Inti Salim Perkasa, Manager of Finance and Control in Freeport Indonesia Incorporated as well as lectured at the Universitas Negeri Diponegoro in Indonesia.

Wee Guan Yak

The Executive Director and General Manager of PT BEV and is responsible for the management and operations of PT BEV. Mr Wee joined SembCorp Parks Management Pte. Ltd. in 1997 and has since been seconded to our Group. He was previously the General Manager (Operations) with 2 Indonesian companies from 1994 to 1997. Prior to that, he was with the Ministry of Defence from 1991 to 1994, after having worked in various command staff and instructional appointments in the Singapore Armed Forces from 1967 to 1991 where he rose to the rank of Colonel.

Recognised for our international standards in industrial park and resorts master-planning, we have established:

A Balanced Asset Portfolio

Our current investment portfolio provides a balanced mix of cash flow in the utility and industrial park businesses, promising profit and growth capabilities in the resort and property development business in Bintan, and a strong balance sheet with low gearing.

Strong Management Team

Our strong management team has the relevant experience and qualifications to manage the different functions of our businesses.

A Unique market position as an Integrated Master Planner

As the integrated master planner for industrial parks and resorts totaling approximately 19,700 ha in size, and as a private provider of utilities in Batam and Bintan, we place emphasis on the quality of our developments and the infrastructure and support services. We have attracted the presence of internationally known brands including Club Med and Banyan Tree.

Significant Economies of Scale and Barriers to Entry

Through our large pool of tenants and investors, we enjoy significant economics of scale to our industrial park business, which in turn allow us to offer investors a competitive advantage. The barriers to entry for industrial business are high and our ability to provide a wide range of comprehensive services may not be easily replicated.

Batam and Bintan as Investment Destination

We leverage on our strategic location in Batam and Bintan by providing investors with ready access to Singapore and Changi International Airport, access to an abundant workforce at all levels and labour cost advantage relative to Singapore. We also market Bintan Resorts to tourists as a twin resort holiday destination to Singapore and Bintan, with its scenic beauty with 100km of shoreline.

Good Government Support

We benefit from close economic ties between Indonesia and Singapore and from various investment incentives and privileges to develop Batam and Bintan, such as the Generalised System of Preferences, Bonded Zone Plus status and absence of foreign control in Indonesia.

Strong Financial Position

Our strong balance sheet with low gearing and a stable cash flow enables us to explore new business opportunities, strategic partnerships and investments.

Gallant Venture Ltd.

Subsidiaries

- Batamindo Investments (S) Ltd. (100%)
- Bintan Resort Ferries Pte. Ltd. (88.60%)
- BRF Holidays Pte. Ltd. (88.60%)
- PT Batam Bintan Telekomunikasi (95%)
- PT Batamindo Executive Village (60%)
- PT Batamindo Investment Cakrawala (100%)
- PT Bintan Inti Industrial Estate (100%)
- PT Bintan Resort Cakrawala (83.72%)
- PT Buana Megawisatama (100% less 1 share)
- PT Suakajaya Indowahana (80%)
- PT Surya Bangunpertiwi (100% less 1 share)
- Verizon Resorts Limited (100%)

Associated Companies

- Batamindo Carriers Pte. Ltd. (36%)
- Batamindo Medical Management Pte. Ltd. (50%)
- PT Soxal Batamindo Industrial Gases (30%)

BOARD OF DIRECTORS

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)

Ms Low Sin Leng
(Non-Executive Director)

BG (Ret) Chin Chow Yoon
(Non-Executive Director)

Mr Rivaie Rachman
(Independent Director)

Mr Foo Ko Hing
(Independent Director)

AUDIT COMMITTEE

Mr Lim Hock San (Chairman)
Ms Low Sin Leng
Mr Rivaie Rachman
Mr Foo Ko Hing

NOMINATING COMMITTEE

Mr Rivaie Rachman (Chairman)
Mr Lim Hock San
BG (Ret) Chin Chow Yoon
Mr Foo Ko Hing

REMUNERATION COMMITTEE

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

JOINT COMPANY SECRETARIES

Mr Choo Kok Kiong, CPA
Ms Foo Soon Soo, FCIS, FCPA Singapore, FCPA (Aust), LLB (Hons) (London)
Ms Prisca Low Yim Leng, ACIS

SHARE REGISTRAR AND SHARE TRANSFER

Lim Associates (Pte) Ltd
3 Church Street, #08-01
Samsung Hub
Singapore 049483

AUDITORS

Foo Kon Tan Grant Thornton
Certified Public Accountants of Singapore
47 Hill Street
#05-01
Singapore Chinese Chamber of Commerce & Industry Building
Singapore 179365

PARTNER-IN-CHARGE
Ms Chia Siew Eng
Date of Appointment: Since financial period ended 31 December 2003

PRINCIPAL BANKER

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

REGISTERED OFFICE

47 Hill Street
#06-02
Singapore Chinese Chamber of Commerce & Industry Building
Singapore 179365

COMPANY REGISTRATION NUMBER

200303179Z

No. : ....

Travel Voucher

This voucher entitles the holder to one return off-peak complimentary Bintan Resort Ferries Ticket

Have a lovely time at Bintan Resorts!

For Ticket Claiming or Reservation contact us at
Bintan Resort Ferries Pte. Ltd.
Tel: (65) 6542-4369.
Fax: (65) 6542-4372 using the Advance Booking Form
Website: http://www.brf.com.sg

www.gallantventure.com

GALLANT VENTURE LTD.

(Company Registration Number: 200303179Z)

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GALLANT VENTURE

TOTAL SOLUTIONS
TOTAL VALUE

Annual Report 2006

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STATEMENT OF CORPORATE GOVERNANCE

Gallant Venture Ltd. (the "Company") was admitted to the Official list of the SGX-SESDAQ on 6 June 2006. The Company is committed to achieving and maintaining high standards of corporate governance principles and processes in managing the business and affairs, so as to improve the performance, accountability, and transparency of the Company.

This corporate governance report sets out how the Company has effectively applied the principles of good corporate governance in a disclosure-based regime where accountability of the Board to the Company shareholders and the Management to the Board provides the framework for achieving a mutually beneficial tripartite relationship aimed at creating and growing sustainable shareholders' value.

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 success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board of Directors (the "Board") comprises two Executive Directors, two Non-Executive Directors and three Independent Directors having the appropriate mix of core competencies and diversity of experience to direct and lead the Company. As at the date of this report, the Board comprises the following members:

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. Ms Low Sin Leng (Non-Executive Director)
5. BG (Ret) Chin Chow Yoon (Non-Executive Director)
6. Mr Rivaie Rachman (Independent Director)
7. Mr Foo Ko Hing (Independent Director)

The primary role of the Board is to protect and enhance long-term shareholders' value. It sets the corporate strategies of the Group, sets directions and goals for the Management. It 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.

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 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 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 2006:-

	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE
Number of meetings held	6	3	1	1
Lim Hock San	6	3	1	1
Eugene Cho Park	6	1	–	–
Gianto Gunara (1)	4	3	–	–
Low Sin Leng(2)	6	3	–	–
BG (Ret) Chin Chow Yoon(3)	6	1	1	1
Rivaie Rachman	5	3	1	1
Foo Ko Hing	4	3	1	1

Notes:

(1) Mr Gianto Gunara was appointed as an Executive Director of the Company on 8 November 2006.

(2) Ms Low Sin Leng relinquished her position as a member of the Remuneration Committee on 8 February 2007.

(3) BG (Ret) Chin Chow Yoon relinquished his position as a member of the Remuneration Committee on 8 February 2007.

While the Board considers Directors' attendance at Board meetings to be important, it should not be the only criteria to measure their contributions. It also takes into account the contributions by board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

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. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board now consists of seven Directors, of whom three are Independent Directors.

The criterion for independence is based on the definition given in the Code of Corporate Governance ("Code"). The Board considers an "independent" director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment of the conduct of the Group's affairs.

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 on page 11 of this annual report.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that 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.

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

His responsibilities include:

- Chair review meetings on key strategic development and investment plans;
- Ensure regular meetings (with the assistance of the Company Secretaries) 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);
- Assisting in ensuring the Company's compliance with the Code; and
- Reviewing board papers that are presented to the Board.

In assuming his roles and responsibilities, Mr Lim 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.

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

Board Membership

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

The Nominating Committee ("NC") comprises four members, majority of whom including its Chairman are independent Directors. The members of the NC are:

- Mr Rivaie Rachman (Chairman)
- Mr Lim Hock San
- BG (Ret) Chin Chow Yoon
- Mr Foo Ko Hing

The NC held its first meeting on 31 October 2006 with all members present to adopt the Terms of Reference.

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

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

(b) To ensure that independent Directors meet SGX-ST's guidelines and criteria; and

(c) To assess the effectiveness of the Board as a whole and the effectiveness and contribution of each Director to the Board.

The Articles of Association of the Company require that one-third of the Board to retire from office 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.

Board Performance

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

The NC examines the Board's size to satisfy that it is appropriate for effective decision making, taking into account the nature and scope of the Company's operations.

The NC has reviewed and evaluated the performance of the Board as a whole, taking into consideration the attendance record at the meetings of the Board and Board Committees and also the contribution of each Director to the effectiveness of the Board.

Access to Information

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

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 staff are available to provide explanatory information 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 Secretaries and to other senior management executives of the Company and of the Group at all times in carrying out their duties. The Company Secretaries attend 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.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

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") comprises three members, all of whom including its Chairman are independent Directors. The members of the RC are:

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

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.

All aspects of remuneration, including but not limited to Directors' fee, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his remuneration package.

The RC held its first meeting on 31 October 2006 with all members present to adopt the Terms of Reference.

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 determining specific remuneration packages for each Executive Director; and

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

The recommendations of the RC had been submitted to the Board for endorsement. 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' fees, salaries, allowances, bonuses, and benefits-in-kind shall be reviewed by the RC.

Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the Directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.

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.

The Chief Executive Officer has service agreement. The service agreement covers the terms of employment, salaries and other benefits. Executive Director, other than the Chief Executive Officer, and Non-Executive Directors have no service contracts.

Disclosure on Remuneration

Principle 9: Each company should provides clear disclosure of its remuneration policy, 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 Executives, and performance.

The details of the remuneration of Directors of the Group disclosed in bands for services rendered during the financial year ended 31 December 2006 are as follows:

	Number of Directors	
	2006	2005
$500,000 and above	**–**	–
$250,000 to $499,999	**–**	–
Below $249,999	**7**	–
Total	**7**	–

The summary compensation table for the Directors and Key Executives of the Group for the financial year ended 31 December 2006 is set out below:

	Salary %	Bonus %	Directors' Fee %	Allowances and Other Benefits %	Total Compensation %
Directors					
Below S$250,000					
Lim Hock San Non–Executive Chairman and Independent Director	–	–	100	–	100
Eugene Cho Park Executive Director and Chief Executive Officer	78	7	15	–	100
Gianto Gunara Executive Director	57	7	36	–	100
Low Sin Leng Non–Executive Director	–	–	100	–	100
BG (Ret) Chin Chow Yoon Non–Executive Director	67	8	25	–	100
Rivaie Rachman Independent Director	–	–	100	–	100
Foo Ko Hing Independent Director	–	–	100	–	100
Key Executives of the Group					
Below $250,000					
Gunawan Adiwibowo	89	11	–	–	100
Malcolm Alphonso	60	16	–	24	100
Choo Kok Kiong	85	7	–	8	100
Chow Yew Meng	70	15	–	15	100
Elfast Goh Eng Pheng	86	7	–	7	100
Kuharajahsingam s/o Karalasingam	82	18	–	–	100
Albel Singh	83	11	–	6	100
Johannes Sulistijawan Surjaatmadja	60	16	–	24	100
Wee Guan Yak	72	16	–	12	100

No employee of the Company and its subsidiaries was an immediate family member of a Director and/or a Substantial Shareholder whose remuneration exceeded S$150,000 during the financial year ended 31 December 2006.

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 mindful of its obligations to furnish 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.

Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC") comprises four members, majority of whom including its Chairman are independent Directors. The AC comprises the following members:

- Mr Lim Hock San (Chairman)
- Ms Low Sin Leng
- Mr Rivaie Rachman
- Mr Foo Ko Hing

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;

(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. Each member of the AC shall abstain from voting 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 AC reviews the independence of the external auditors annually. The AC, having reviewed the range and value of non-audit services performed by the external auditors, Foo Kon Tan Grant Thornton was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC recommended that Foo Kon Tan Grant Thornton be nominated for re-appointment as auditor at the forthcoming AGM.

The Company has in place a whistle-blowing framework where staff of the Company can access the Audit Committee Chairman to raise concerns about improprieties.

Internal Controls and Risk Management

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

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.

Internal Audit

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

The Company has engaged PricewaterhouseCoopers as its internal auditor. The internal auditor 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

Communication with Shareholders

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at 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.

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 meetings 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.

Shareholders are encouraged to attend the AGM/EGM to ensure a high level of accountability and to stay appraised of the Group's strategy and goals. Notice of the meeting will be advertised in newspapers and announced on SGXNET.

Dealing In Securities

The Company has in place a policy prohibiting share dealings by Directors and employees of the Company for the period of one month prior to the announcement of the Company's half yearly and yearly results as the case may be, and ending on the date of the announcement of the relevant results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

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.

The interested person transactions transacted for the financial year ended 31 December 2006 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)
PURCHASES		
SembCorp Parks Management Pte Ltd	–	5,144
PT Herwido Rintis	–	210
Riau Infrastructure Management Services Pte Ltd	–	163
PT Tunas Karya Indowisata	–	568
Island Leisure International Pte Ltd	–	1,582
Bintan Resort Development Corporation Pte Ltd	–	552
PT Asuransi Central Asia Claim received	–	386 (162)
Temasek Group	–	1,168
SALES		
PT Alam Indah Bintan	–	3,285
PT Ria Bintan	–	1,332
PT Straits CM Village	–	3,251
Sembawang Kimtrans Ltd	–	185

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.

DIRECTORS' REPORT

The Directors submit this annual report to the members together with the audited balance sheet of the Company and consolidated financial statements of the Group for the financial year ended 31 December 2006.

Names of directors

The Directors in office at the date of this report are:

Lim Hock San (Non-Executive Chairman and Independent Director)
Eugene Cho Park (Executive Director and Chief Executive Officer)
Gianto Gunara (Executive Director) (appointed on 8 November 2006)
Low Sin Leng (Non-Executive Director)
BG (Ret) Chin Chow Yoon (Non-Executive Director)
Foo Ko Hing (Independent Director)
Rivaie Rachman (Independent Director)

Arrangements to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement 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.

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 was interested in shares of the Company and its related corporations except as follows:

	Number of ordinary shares in which Director is deemed to have an interest	
	As at 1.1.2006	**As at 31.12.2006 and 21.1.2007**
The Company		
Eugene Cho Park	–	**627,293,350**

Directors' benefits

Since the end of the previous financial year, no Director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50 except as disclosed in Note 34 to the financial statements.

Share options

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 comprises the following members:

Lim Hock San (Chairman and Independent Director)
Low Sin Leng (Non-Executive Director)
Rivaie Rachman (Independent Director)
Foo Ko Hing (Independent Director)

The Audit Committee carried out its functions in accordance with Section 201B of the Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance.

The Audit Committee reviewed the 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. The Audit Committee also reviewed the consolidated financial statements of the Group and the financial statements of the Company for the financial year ended 31 December 2006 as well as the auditors' report thereon prior to consideration and approval by the Board, announcement of the unaudited results for quarterly, half-yearly and full year to SGX-ST and interested party transactions (as defined in the Listing Manual of the SGX-ST).

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 has also conducted a review of the fees paid or payable to the auditors for non-audit services for financial year ended 31 December 2006. In pursuance with Section 206(1A) of the Companies Act, Cap. 50, and based on the review by the Audit Committee and its recommendation, the Board is also satisfied that the level of non-audit fees paid or payable to the auditors did not affect the independence of the auditors.

The Audit Committee has therefore recommended to the Board of Directors the nomination of Foo Kon Tan Grant Thornton as external auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, Foo Kon Tan Grant Thornton, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Directors

EUGENE CHO PARK

BG (Ret) CHIN CHOW YOON

Dated: 5 March 2007

STATEMENT BY DIRECTORS

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

In the opinion of the Directors, the accompanying balance sheets, consolidated income statement, consolidated statement of changes in equity and the consolidated cash flow statement, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2006 and of the results of the business, changes in equity and cash flows of the Group for the financial year ended on that date and 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.

On behalf of the Directors

EUGENE CHO PARK

BG (Ret) CHIN CHOW YOON

Dated: 5 March 2007

AUDITORS' REPORT
to the members of Gallant Venture Ltd.

We have audited the accompanying financial statements of Gallant Venture Ltd. ("the Company") and of its subsidiaries ("the Group") for the year ended 31 December 2006, which comprise the balance sheets of the Company and the Group as at 31 December 2006, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 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 auditors' 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 auditors consider 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 Directors, 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:

(a) the balance sheet of the Company and the consolidated financial statements of the Group 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 state of affairs of the Company and of the Group as at 31 December 2006 and the results, changes in equity and cash flows of the Group for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan Grant Thornton
Certified Public Accountants

Singapore, 5 March 2007

BALANCE SHEETS

as at 31 December 2006

	Note	The Company 2006 $'000	The Company 2005 $'000	The Group 2006 $'000
Assets				
Non–Current				
Intangible assets	4	**14**	12	**126**
Property, plant and equipment	5	**194**	142	**388,567**
Investment properties	6	**–**	–	**336,940**
Subsidiaries	7	**1,205,212**	–	**–**
Associated companies	8	**–**	–	**1,155**
Other investments	9	**–**	–	**–**
Deferred tax assets	10	**–**	–	**5,493**
Loan receivable	11	**–**	–	**62,046**
Other non–current assets	12	**–**	–	**3,336**
		1,205,420	154	**797,663**
Current				
Land inventories	13	**–**	–	**551,011**
Other inventories	14	**–**	–	**12,732**
Trade and other receivables	15	**88,061**	90,157	**71,940**
Restricted cash	16	**–**	25,000	**908**
Cash and cash equivalents	17	**2,387**	252	**66,934**
		90,448	115,409	**703,525**
Total assets		**1,295,868**	115,563	**1,501,188**
Equity and liabilities				
Share capital	18	**1,205,212**	*	**1,205,212**
Translation reserves		**–**	–	**653**
(Accumulated losses)/retained profits		**(11,120)**	(4,444)	**24,582**
Equity attributable to equity holders of the Company		**1,194,902**	(4,444)	**1,230,447**
Minority interests		**–**	–	**32,891**
Total equity		**1,194,092**	(4,444)	**1,263,338**
Liabilities				
Non–Current				
Deposits from tenants/golf membership	19	**–**	–	**40,102**
Employee benefits liabilities	20	**–**	–	**5,049**
Deferred tax liabilities	21	**–**	–	**106**
Loans and borrowings	22	**66,000**	90,000	**80,020**
		66,000	90,000	**125,277**
Current				
Trade and other payables	23	**11,776**	15,007	**67,702**
Current tax payable		**–**	–	**1,585**
Loans and borrowings	22	**24,000**	15,000	**43,286**
		35,776	30,007	**112,573**
Total liabilities		**101,776**	120,007	**237,850**
Total equity and liabilities		**1,295,868**	115,563	**1,501,188**

* Representing $2 share capital

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

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2006

	Note	**Year ended 31 December 2006 $'000**	Year ended 31 December 2005 $'000
Revenue	3	**176,639**	–
Cost of sales		**(114,925)**	–
Gross profit		**61,714**	–
Other income	24	**20,635**	391
General and administrative expenses		**(4,456)**	(1,002)
Other operating expenses	25	**(30,123)**	–
Share of associated company's losses net of profits		**(567)**	–
Finance costs	26	**(6,334)**	(3,754)
Profit/(loss) before taxation	27	**40,869**	(4,365)
Taxation	29	**(11,026)**	–
Profit/(loss) after taxation		**29,843**	(4,365)
Attributable to:			
– Equity holders of the Company		**29,026**	(4,365)
– Minority interests		**817**	–
		29,843	(4,365)
Basic earnings/(loss) per share (in cents)	30	**2.06**	(0.18)
Diluted earnings/(loss) per share (in cents)	30	**2.06**	(0.18)

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 year ended 31 December 2006

	Share capital $'000	Translation reserves $'000	(Accumulated losses)/ retained profits $'000	Attributable to equity holders of the Company $'000	Minority interests $'000	Total equity $'000
Balance at 1 January 2005	*	–	(79)	(79)	–	(79)
Net loss for the year	–	–	(4,365)	(4,365)	–	(4,365)
Balance at 31 December 2005	*****	**–**	**(4,444)**	**(4,444)**	**–**	**(4,444)**
On acquisition of subsidiaries	**961,322**	**–**	**–**	**961,322**	**31,808**	**993,130**
Issue of shares	**243,890**	**–**	**–**	**243,890**	**–**	**243,890**
Currency translation difference	**–**	**653**	**–**	**653**	**266**	**919**
Net profit for the year	**–**	**–**	**29,026**	**29,026**	**817**	**29,843**
Balance at 31 December 2006	**1,205,212**	**653**	**24,582**	**1,203,447**	**32,891**	**1,263,338**

* Representing $2 share capital

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

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2006

	Year ended 31 December 2006 $'000	Year ended 31 December 2005 $'000
Cash Flows from Operating Activities		
Profit/(loss) before taxation	**40,869**	(4,365)
Adjustments for:		
Amortisation of intangible assets	**79**	5
Depreciation of property, plant and equipment and investment properties	**33,490**	38
Currency translation difference	**971**	–
Gain on disposal of investment property	**(105)**	–
Gain on disposal of property, plant and equipment	**(14)**	–
Share of associated company's losses net of profits	**567**	–
Excess of share of fair value of assets and liabilities of subsidiaries acquired over purchase consideration written off	**(13,360)**	–
Provision for employees' benefits	**1,092**	–
Interest expense	**6,334**	3,752
Interest income	**(3,931)**	(391)
Operating profit/(loss) before working capital changes	**65,992**	(961)
Decrease in land inventories	**2,906**	–
Decrease in other inventories	**3,525**	–
Decrease/(increase) in operating receivables	**129,166**	(1,473)
Decrease in operating payables	**(173,018)**	(1,659)
Cash generated from/(used in) operating activities	**28,571**	(4,093)
Income tax paid	**(11,343)**	–
Employee benefits paid	**(56)**	–
Interest paid	**(6,334)**	–
Interest received	**3,931**	391
Deposits refunded to tenants/golf members	**(97)**	–
Net cash generated from/(used) in operating activities	**14,672**	(3,702)
Cash Flows from Investing Activities		
Net outflow from acquisition of subsidiaries (Note A)	**(192,375)**	–
Acquisition of intangible assets	**(108)**	(5)
Acquisition of property, plant and equipment	**(20,845)**	(22)
Dividend from associated company	**78**	–
Proceeds from sale of property, plant and equipment	**90**	
Proceeds from sale of investment property	**163**	–
Deposits paid	**(586)**	–
Net cash used in investing activities	**(213,583)**	(27)
Cash Flows from Financing Activities		
Proceeds from shares issued	**243,890**	–
Advances from third parties	**–**	12,232
Repayment of loan to a former shareholder	**–**	(527)
Loan from a bank	**22,466**	112,500
Repayment of bank loan	**(29,798)**	(7,500)
Loan to a third party	**–**	(87,862)
Decrease/(Increase) in fixed deposits pledged with a bank	**29,035**	(25,000)
Net cash generated from financing activities	**265,593**	3,843
Increase in cash and cash equivalents	**66,682**	114
Cash and cash equivalents at beginning	**252**	138
Cash and cash equivalents at end (Note 17)	**66,934**	252

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

Note A

Acquisition of subsidiaries

The fair value of identifiable assets acquired and liabilities assumed during the year were as follows:

	Year ended 31 December 2006 $'000
Property, plant and equipment	389,735
Investment properties	348,409
Investments in unquoted equity shares	1,774
Deferred tax assets	4,794
Other non-current assets	64,871
Land inventory	553,917
Inventories	16,257
Trade receivables	63,173
Other receivables	22,768
Due from related companies	24,917
Restricted cash	4,944
Cash and cash equivalents	51,515
	1,547,074
Deposits from tenants/golf membership	(40,198)
Deferred tax liability	(17)
Employee benefits liabilities	(4,013)
Loans and borrowings	(44,932)
Trade payables	(24,870)
Other payables	(39,997)
Due to related companies	(127,656)
Current tax payable	(1,120)
Other current liabilities	(13,891)
	(296,694)
	1,250,380
Minority interests	(31,808)
Net assets	1,218,572
Excess of fair value of assets and liabilities over purchase consideration	(13,360)
Total purchase consideration	1,205,212
Less:	
Purchase consideration satisfied by issue of shares	961,322
Cash and cash equivalents acquired	51,515
Net cash outflow from acquisition of subsidiaries	192,375

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

1 General information

The financial statements of the Company and of the Group for the year ended 31 December 2006 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 and domiciled in the Republic of Singapore. On 24 April 2006, the Company was converted to a public company and changed its name from Gallant Venture Pte Ltd to Gallant Venture Ltd. On 6 June 2006, the ordinary shares of the Company were admitted to the Official List of the Singapore Exchange Securities Trading Limited Dealing and Automated Quotation System ("SGX-Sesdaq").

The registered office is located at 47 Hill Street #06-02, Singapore Chinese Chamber of Commerce & Industry Building, Singapore 179365. The principal place of business is at 371 Beach Road #13-08/09, Keypoint, Singapore 199597.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are reflected on Note 7 to the financial statements.

There is no 2005 Group comparative figures as the Group comprises only the Company.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations to FRS ("INT FRS") promulgated by the Council on Corporate Disclosure and Governance ("CCDG"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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.

Critical judgements and key sources of estimation uncertainty

(a) Judgement

In the process of applying the Group's accounting policies, which are described below, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Income tax

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are also claims 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. When 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.

Operating lease commitments – as lessor

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.

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

(a) Judgement (cont'd)

Investment properties

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.

(b) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Employee benefits

An estimate for employee benefits liability involves actuarial assumptions and management estimates on discount rate, annual salary increases, mortality rate, retirement age, turnover rates and disability rates. The balances of employee benefits liabilities as of 31 December 2006 amounted to $5,049,000.

Allowance for doubtful debts

The Group provides for doubtful debts mainly based on the account collectibility and aging status of the individual receivable at the end of the period. The balance of allowance for doubtful debts amounted to $13,357,000.

Depreciation of property, plant and equipment

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 2 to 80 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2006 is $388,567,000. Changes in the expected level of usage could impact the economic useful lives of these assets, therefore future depreciation charges could be revised.

2(b) Interpretations and amendments to published standards effective in 2006

On 1 January 2006, the Group adopted the new or revised FRS and INT FRS that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The following are the FRS and INT FRS that are relevant to the Group:

FRS 19 (Amendment)	Employee Benefits
FRS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates
FRS 32 (Amendment)	Financial Instruments: Disclosure and Presentation
FRS 39 (Amendment)	Financial Guarantee Contracts
INT FRS 104	Determining whether an Arrangement contains a Lease

2(b) Interpretations and amendments to published standards effective in 2006 (cont'd)

During the year, the Company and the Group adopted the following amendments mandatory for the financial periods beginning on or after 1 January 2006:

FRS 39 – Financial Instruments: Recognition and Measurement – Amendment for financial guarantee contracts

The amendment addresses the treatment of financial guarantee contracts by issuer. Financial guarantee contracts are recognised initially at fair value and generally remeasured at the higher of the amount determined in accordance with FRS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate cumulative amortisation recognised in accordance with FRS 18 Revenue.

FRS 39 – Amendment for hedges of forecast intragroup transactions

FRS 39 was amended to permit foreign currency risk of a highly probable intragroup forecast transaction to qualify as the hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into the transaction and that the foreign currency risk will affect the financial statements.

FRS 39 – Amendment for fair value option

The amendment restricted the use of option to designate any financial asset or any financial liability to be measured at fair value through profit and loss.

The adoption of these amendments will have no material impact on the financial statements of the Company and the Group.

2(c) FRS/INT FRS not effective

At the date of authorisation of these financial statements, the following FRS and INT FRS were issued but not effective:

FRS 1 (Amendment)	Amendments Relating to Capital Disclosure
FRS 32	Financial Instruments: Presentation
FRS 107	Financial Instruments: Disclosures
INT FRS 107	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies
INT FRS 108	Scope of FRS 102
INT FRS 109	Reassessment of Embedded Derivatives
INT FRS 110	Interim Financial Reporting and Impairment
INT FRS 111	FRS 102-Group and Treasury Shares Transactions
INT FRS 112	Service Concession Arrangements

During the year, the Group applies early adoption of FRS 40-Investment Property.

The Directors do not anticipate that the adoption of these FRS and INT FRS in the initial period of application will have a material impact on the financial statements of the Company and the Group.

2(d) Summary of significant accounting policies

Basis of consolidation

The financial statements of the Group include the financial statements of the Company and entities controlled by the Company ("the subsidiaries"), all of which prepare financial statements at 31 December. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of the subsidiaries acquired during the year are included in the consolidated income statement from the effective date of acquisition. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All significant inter-company balances and significant inter-company transactions are eliminated on consolidation.

2(d) Summary of significant accounting policies (cont'd)

Business combinations

Acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured as the fair value of assets given and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the income statement in the period of the acquisition.

Intangible assets

Intangible assets with definite useful life are carried at cost less accumulated amortisation and impairment losses, if any.

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

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 three years.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

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.

Depreciation is computed utilising the straight-line method to write off the cost of these property, plant and equipment 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	3 – 30
Machinery and equipment	3 – 15
Vessels and ferry equipment	4 – 15
Working wharf	3
Transportation equipment and vehicles	3 – 7
Medical equipment	7
Furniture, fixtures and equipment	1.5 – 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.

2(d) Summary of significant accounting policies (cont'd)

Property, plant and equipment and depreciation (cont'd)

The cost of maintenance and repairs is charged to the income statement as incurred; significant renewals and betterments are capitalised. When assets retired or otherwise disposed of, their carrying values and the related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in the income statement.

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

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 income statement.

The gain or loss on disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

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

Investment properties

Investment properties consist of buildings and improvements held to earn rentals including 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. Such cost includes 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.

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. Any gains or losses on disposal or retirement of investment property are recognised in the consolidated income statement in the year of disposal or retirement.

The carrying value of investment properties are reviewed for impairment when events on 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, commencement of an operating lease to another party or ending of construction or development. 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.

Subsidiaries

Subsidiaries are those in which more than 50% of the issued share capital is held or over whose financial and operating policy decisions the Group controls.

Shares in subsidiaries are stated at cost less provision for any impairment losses on an individual subsidiary basis.

2(d) Summary of significant accounting policies (cont'd)

Associated companies

Associated companies are those in which the Group has a long-term equity interest of between 20% and 50% or in whose financial and operating policy decisions the Group exercises significant influence. Investments in associated companies at company level are stated at cost. Provision is made for any impairment losses on an individual company basis.

The Group's share of profits less losses of associated companies is included in the Group's results. If the Group's share of losses of an associated company equals or exceeds the carrying amount of the investment, the Group discontinues including its share of further losses. The investment is reported at nil balance. The Group's share of the post-acquisition reserves is added to the amount of the investment in associated companies in the balance sheet. These amounts are based on the latest audited financial statements or management accounts of the companies concerned made up to the end of the Company's financial year. Where the accounting policies of the associated companies do not conform with those of the Group, adjustments are made on consolidation where the amounts involved are significant to the Group.

Land inventories

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

Cost of land inventories includes pre-acquisition cost, cost of land, borrowing cost and other costs directly or indirectly related to the acquisition and development of the land. 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 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 income statement in the year of sales or disposal.

Other inventories

Other inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Provision 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.

Investment in financial assets

Classification

The Group classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, where applicable. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

(1) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date. As at 31 December 2006, the Group has no financial assets at fair value through profit or loss.

2(d) Summary of significant accounting policies (cont'd)

Investment in financial assets (cont'd)

Classification (cont'd)

(2) 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 receivable. They are included in current assets, except those maturing more than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables include loan receivable and trade and other receivables on the balance sheet.

(3) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. As at 31 December 2006, the Group has no held-to-maturity investments.

(4) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date. Investments in unquoted equity shares are classified as available-for-sale financial assets.

Recognition and derecognition

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are derecognised when:

(i) the rights to receive cash flows from the financial assets have expired or have been transferred, or

(ii) the Group retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement, and

(iii) the Group has transferred substantially all risks and rewards of ownership or has neither substantially all risks and rewards of ownership but has transferred the control of the asset.

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" investment category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in the fair value reserve within equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in the fair value reserve within equity are included in the income statement.

Determination of fair value

The fair values of quoted financial assets are based on current bid 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.

2(d) Summary of significant accounting policies (cont'd)

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term time deposits with an original maturity of three months or less but exclude fixed deposits which are pledged to a bank.

Financial liabilities

The company's financial liabilities include bank borrowings, loans and 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 income statement.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings 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 income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the balance sheet date are included in current liabilities in the balance sheet even though the original terms was 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 balance sheet date and before the financial statements are authorised for issue. Borrowings 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 balance sheet date are included in non-current liabilities in the balance sheet.

Payables, which represent the amounts to be paid in the future for goods and services received, whether or not billed to the Group, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

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. Jamsostek contributions are recognised as compensation expense in the same period as the employment that gives rise to the contributions. The ASTEK fund from Jamsostek contributions are 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" 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 make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period which the related service is performed.

2(d) Summary of significant accounting policies (cont'd)

Employee benefits (cont'd)

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 balance sheet date.

Provisions for employee service entitlements

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

The cost of providing employee benefits under the Law is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded 10% of the higher of the present value of defined obligation. These gains or losses are recognised over the expected average remaining working lives of the employees. Further, part service costs arising from the introduction of a defined benefit plan or changes in the benefits payable of an existing plan are required to be amortised on a straight-line basis over the period until the benefits concerned become vested.

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/head of departments are considered key management personnel.

Income taxes

The liability method of tax effect accounting is adopted by the Group. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial year that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

In compliance with Government Regulation No. 5/2002 dated 23 March 2002 of the Republic of Indonesia, each payment of building rentals is subject to final tax of 10%.

Impairment of assets

The carrying amounts of the Group's and the Company's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, these assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amounts of these assets exceeds their recoverable amounts. Recoverable amount is defined as the higher of the fair value less cost to sell and value in use.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such case, recoverable amount is determined for the cash-generating-units to which the asset belongs to.

2(d) Summary of significant accounting policies (cont'd)

Impairment of assets (cont'd)

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. Impairment losses are charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity under the heading revaluation reserve.

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 reserve. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

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. Revenue from services is recognised when service has been rendered. Revenue from the sale of goods is recognised when all significant risks and rewards of ownership of the goods have been passed to the customers. The following specific recognition criteria must also be met before revenue is recognised:

<u>Sales of land and building</u>

Revenue from the sale of land and building should be recognised when all the following conditions have been satisfied:

(a) The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;

(b) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(c) The amount of revenue can be measured reliably;

(d) It is probable that the economic benefits associated with the transaction will flow to the enterprise; and

(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group also considers 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.

<u>Resort operations and ferry services</u>

Revenue is recognised when the services are rendered.

<u>Golf and social facilities revenue</u>

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.

Upon completion of the golf course, sales of non-refundable golf club membership is fully recognised as revenue in the year of sales.

2(d) Summary of significant accounting policies (cont'd)

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.

Utilities revenue

Revenue from electricity and water supply is recognised upon delivery.

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 telecommunications carriers are recognised at the time connections takes place.

Clinic operation

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

Interest income

Interest income is recognised on a time-apportioned basis.

Dividends

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

Capitalisation of borrowing costs

Interest costs and similar charges are expensed in the consolidated income statement in the period in which they are incurred, except to the extent that they are capitalised as being attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale. Foreign exchange differences arising from foreign currency borrowings are capitalised to the extent that they are regarded as an adjustment to interest costs. Capitalisation of borrowing costs will cease when all the activities necessary to prepare the asset for its intended use or sale are substantially completed.

Operating leases

Where the Company/Group is the lessee

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to the income statement 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 income statement when incurred.

Where the Company/Group is the lessor

Assets leased out under operating leases are included under investment properties (see policy on investment properties). Rental income (net of any incentives given to lessees) on operating leases is recognised on a straight-line basis over the lease term (see policy on revenue recognition).

2(d) Summary of significant accounting policies (cont'd)

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The consolidated financial statements of the Group and the balance sheet of the Company are presented in Singapore dollars to the nearest thousand, which is also the functional currency of the Company.

Conversion of foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the consolidated income statement in the period in which they arise.

For inclusion in the Group's financial statements, assets and liabilities of foreign subsidiary and associated companies are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date. The results of foreign subsidiary and associated companies are translated using the average monthly rates. Exchange differences due to such currency translations are dealt with through translation reserves.

Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management objectives and policies are provided in Note 36.

Segment reporting

A segment is a distinguishable component of the Group within a particular industry (business segment) which is subject to risks and rewards that differ from those of other segments.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-bearing loans, borrowings and related expenses, and corporate assets and expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one year.

Segment information is presented in respect of the Group's business segments. The primary format by business segments, is based on the Group's management and internal reporting structure. In presenting information on the basis of business segments, segment revenue and segment assets are based on the nature of the products or services provided by the Group.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

3 Revenue

Revenue of the Group consists of income from operations of utilities, industrial parks, resort operations and property development. The segmental analysis is given in Note 35.

Revenue excludes applicable goods and services tax and inter-company transactions and is arrived at after deduction of any trade discounts.

4 Intangible assets

	Computer software $'000
The Company	
Cost	
At 1 January 2005	15
Additions	5
At 31 December 2005	**20**
Additions	**11**
At 31 December 2006	**31**
Accumulated amortisation	
At 1 January 2005	3
Amortisation for the year	5
At 31 December 2005	**8**
Amortisation for the year	**9**
At 31 December 2006	**17**
Net book value	
At 31 December 2006	**14**
At 31 December 2005	12
The Group	
Cost	
At 1 January 2006	20
On acquisition of subsidiaries	137
Additions	108
At 31 December 2006	265
Accumulated amortisation	
At 1 January 2006	8
On acquisition of subsidiaries	52
Amortisation for the year	79
At 31 December 2006	139
Net book value	
At 31 December 2006	126

5 Property, plant and equipment

	Furniture fixtures and equipment $'000	Office equipment $'000	Leasehold improvements $'000	Total $'000
The Company				
Cost				
At 1 January 2005	57	19	91	167
Additions	–	13	9	22
At 31 December 2005	**57**	**32**	**100**	**189**
Additions	**17**	**23**	**56**	**96**
At 31 December 2006	**74**	**55**	**156**	**285**
Accumulated depreciation				
At 1 January 2005	5	3	1	9
Depreciation for the year	11	7	20	38
At 31 December 2005	**16**	**10**	**21**	**47**
Depreciation for the year	**12**	**11**	**21**	**44**
At 31 December 2006	**28**	**21**	**42**	**91**
Net book value				
At 31 December 2006	**46**	**34**	**114**	**194**
At 31 December 2005	41	22	79	142

5 Property, plant and equipment (cont'd)

The Group	Balance at 1.1.2006 $'000	On acquisition of subsidiaries $'000	Additions $'000	Transfers $'000	Disposals $'000	**Balance at 31.12.2006 $'000**
Cost						
Leasehold land	–	100,155	–	–	(84)	**100,071**
Land improvements	–	4,661	49	–	–	**4,710**
Landfill	–	1,559	5	–	–	**1,564**
Building and infrastructures	100	214,713	1,307	372	–	**216,492**
Golf course	–	25,307	–	–	–	**25,307**
Utilities	–	241,665	11,830	32,656	–	**286,151**
Machinery and equipment	–	53,336	18	–	–	**53,354**
Vessels and ferry equipment	–	21,980	112	–	(133)	**21,959**
Working wharf	–	1,685	–	–	–	**1,685**
Transportation equipment and vehicles	–	5,527	508	–	(29)	**6,006**
Medical equipment	–	661	5	–	–	**666**
Furniture, fixtures and equipment	57	20,895	2,276	14	(34)	**23,208**
Office equipment	32	2,202	712	–	(23)	**2,923**
Resort equipment	–	2,080	108	–	–	**2,188**
Reservoir	–	12,734	–	–	–	**12,734**
Telecommunications equipment	–	9,495	115	–	–	**9,610**
Leasehold improvements	–	1,032	–	–	–	**1,032**
Construction–in–progress	–	34,093	3,800	(33,042)	–	**4,851**
Total	189	753,780	20,845	–	(303)	**774,511**
Accumulated depreciation						
Leasehold land	–	20,147	1,381	–	(13)	**21,515**
Land improvements	–	1,928	150	–	–	**2,078**
Landfill	–	1,559	1	–	–	**1,560**
Building and infrastructures	21	95,441	6,778	–	–	**102,240**
Golf course	–	6,633	375	–	–	**7,008**
Utilities	–	149,879	7,829	–	–	**157,708**
Machinery and equipment	–	37,147	2,192	–	–	**39,339**
Vessels and ferry equipment	–	13,848	1,234	–	(132)	**14,950**
Working wharf	–	1,685	–	–	–	**1,685**
Transportation equipment and vehicles	–	4,998	267	–	(29)	**5,236**
Medical equipment	–	656	3	–	–	**659**
Furniture, fixtures and equipment	16	15,146	997	–	(29)	**16,130**
Office equipment	10	2,065	177	–	(24)	**2,228**
Resort equipment	–	1,964	29	–	–	**1,993**
Reservoir	–	4,788	302	–	–	**5,090**
Telecommunications equipment	–	5,210	353	–	–	**5,563**
Leasehold improvements	–	951	11	–	–	**962**
Total	47	364,045	22,079	–	(227)	**385,944**

5 Property, plant and equipment (cont'd)

The Group	Balance at 31.12.2006 $'000
Net book value	
Leasehold land	**78,556**
Land improvements	**2,632**
Landfill	**4**
Building and infrastructures	**114,252**
Golf course	**18,299**
Utilities	**128,443**
Machinery and equipment	**14,015**
Vessels and ferry equipment	**7,009**
Working wharf	**–**
Transportation equipment and vehicles	**770**
Medical equipment	**7**
Furniture, fixtures and equipment	**7,078**
Office equipment	**695**
Resort equipment	**195**
Reservoir	**7,644**
Telecommunications equipment	**4,047**
Leasehold improvements	**70**
Construction–in–progress	**4,851**
Total	**388,567**

The leasehold land on Bintan Island represent 1,762 ha used as site for utilities and common facilities under PT Bintan Resort Cakrawala.

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 (236.3 hectares)	17 and 18 December 2019, (54.3 ha and 151.6 ha) 26 February 2025 (28.9 ha) and 1 July 2031 (1.5 ha)
PT Batamindo Executive Village (213 hectares)	31 August 2020

PT Bintan Inti Industrial Estate's ("PT BIIE") HGB covering a land of approximately 168.6 ha at Bintan Island is held for 30 years up to 24 August 2025 with an option to extend for another 50 years up to 24 August 2075. As of 31 December 2006, the HGB on another 100 ha of land, currently held by another subsidiary, PT Surya Bangunpertiwi, is not yet transferred under PT BIIE's name.

The leasehold land and building at land parcels AU1, BT1a and WR1 (township. utility and reservoir) which cover an area of 1,698 hectares are used as collateral for the bank loan payables to PT Bank Mega Tbk as disclosed under Note 22 – "Loans and borrowings".

Vessels and ferry equipment are pledged to a bank as collateral for the secured bank loan and other banking facilities as disclosed under Note 22 – "Loans and borrowings".

5 Property, plant and equipment (cont'd)

Construction in progress at the Industrial Parks amounting to $2,848,000 as at 31 December 2006 includes all costs related to the construction of the industrial complex and supporting infrastructures and amenities and telecommunication project. The accumulated costs will be transferred to the appropriate property and equipment and investment property accounts upon completion of the specific phases of the Project.

Construction in progress at the Executive Village amounting to $1,278,000 as at 31 December 2006, includes all preliminary costs related to the construction of condominium phase 3A and for golf course phase 2 such as design, soil investigation and consultation fee. The management believes that the postponed projects can be realised upon shareholder's approval that depends on the improvement of economic conditions in Indonesia.

The remaining balance of construction in progress represents mainly all preliminary costs related to the construction of urban beach centre.

6 Investment properties

The Group	**2006** **$'000**
Cost	
Balance at beginning	**–**
Acquisition of subsidiaries	**567,626**
Disposals	**(122)**
Balance at end	**567,504**
Accumulated depreciation	
Balance at beginning	**–**
Acquisition of subsidiaries	**219,217**
Depreciation charge	**11,411**
Disposals	**(64)**
Balance at end	**230,564**
Net book value	**336,940**

Details of the investment properties are as follows:

Description and location	Gross Area (approximately)
Factories, dormitories, commercial complex and housing in Batamindo Industrial Park, Batamindo Executive Village and Bintan Industrial Estate situated at Batam Island and Bintan Island	926,616 sqm

The fair value of the investment properties, except PT Batamindo Executive Village (BEV)'s investment properties, as of 31 December 2006 amounted to $403.5 million and were based on recent valuation using the open market value and depreciated replacement cost method by independent professional valuers, Colliers International Consultancy and Valuation (Singapore) Pte Ltd, after taking into consideration the prevailing market conditions and other factors considered appropriate by the Directors. The net carrying values of BEV's investment properties as of 31 December 2006 amounted to $1.1 million.

7 Subsidiaries

The Company	**2006** **$'000**	2005 $'000
Unquoted equity investments, at cost	**1,205,212**	–

On 24 April 2006, pursuant to purchase and sale agreements dated 31 March 2006, 16 April 2003 (as amended by supplemental agreements dated 8 February 2005 and 31 March 2006), and 23 December 2004 (as amended by supplemental agreement dated 31 March 2006), the Company acquired the following subsidiaries for a total consideration of $1,205,212,000.

Name of subsidiaries	Purchase consideration $'000	Satisfied by
PT Batamindo Investment Cakrawala	463,663	Issuance and allotment of 532,064,886 ordinary shares to PT Herwido Rintis and 101,929,379 ordinary shares to Ascendas Investments Pte Ltd and cash of $154,999,449
PT Bintan Resort Cakrawala	5,569	Issuance and allotment of 3,106,688 ordinary shares to PT Elitindo Citra Lestari and cash of $3,999,615
PT Bintan Inti Industrial Estate	117,439	Issuance and allotment of 74,470,683 ordinary shares to Ascendas Investment Pte Ltd and cash of $79,690,388
Verizon Resorts Limited	613,341	Issuance and allotment of 1,220,864,026 ordinary shares to Parallax Venture Partners XXX Limited
Biintan Resort Ferries Private Limited	5,200	Cash of $5,200,000
	1,205,212	

The acquired subsidiaries contributed revenue of $176,639,000 and net profit of $36,520,000 to the Group. The subsidiaries' assets and liabilities as at 31 December 2006 were $1,410,532,000 and $136,256,000. If the acquisition had occurred on 1 January 2006, Group revenue would have been $258,955,000 and net profit would have been $21,135,000.

7 Subsidiaries (cont'd)

The subsidiaries as at 31 December 2006 are as follows:

Name of subsidiaries	Country of incorporation/ principal place of business	Cost of investment		Percentage of effective interest		Principal activities
		2006 $'000	2005 $'000	**2006 %**	2005 %	
Directly held						
PT Batamindo Investment Cakrawala ("PT BIC") [1]	Indonesia	**463,663**	–	**100**	–	Development and management of industrial estate
Verizon Resorts Limited ("VRL Labuan") [2]	Malaysia	**613,341**	–	**100**	–	Investment holding
PT Bintan Inti Industrial Estate ("PT BIIE") [1] [a]	Indonesia	**117,439**	–	**100**	–	Development, operation, maintenance and management of Bintan Industrial Estate together with the supporting infrastructure support activities
PT Bintan Resort Cakrawala ("PT BRC") [1] [b]	Indonesia	**5,569**	–	**83.72**	–	Development and operation of a tourism area in Bintan including the sale of land in such area
Bintan Resort Ferries Private Limited ("BRF") [4] [c]	Singapore	**5,200**	–	**88.60**	–	Provision of ferry services between Singapore and Bintan
Indirectly held through PT BIC:						
PT Batamindo Executive Village ("PT BEV") [1]	Indonesia	**–**	–	**60**	–	Development and operation of Southlinks Country Club and Batam Executive Village, an integrated complex consisting of golf course, condominiums, cottages and other social facilities
PT Batam Bintan Telekomunikasi ("PT BBT") [1]	Indonesia	**–**	–	**95**	–	Telecommunications service provider
Batamindo Investment (S) Ltd ("BI") [6]	Singapore	**–**	–	**100**	–	Dormant

7 Subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation/ principal place of business	Cost of investment		Percentage of effective interest		Principal activities
		2006 $'000	2005 $'000	**2006 %**	2005 %	
Indirectly held through VRL Labuan						
PT Surya Bangunpertiwi ("PT SBP") (3)	Indonesia	**–**	–	**99.99**	–	Wholesaler of hotels, resorts and golf courses
PT Buana Megawisatama ("PT BMW") (3)	Indonesia	**–**	–	**99.99**	–	Wholesaler of hotels, resorts and golf courses
PT Suakajaya Indowahana ("PT SI") (3)	Indonesia	**–**	–	**80**	–	Trading, industry, development and services
Indirectly held through BRF						
BRF Holidays Pte Ltd ("BRFH") (5)	Singapore	**–**	–	**88.60**	–	Provision of tour operations and related services
		1,205,212	–			

(a) The Company has an interest of 40% in PT BIIE and the balance of 60% is held by PT BIC.

(b) The Company has a direct interest of 3.69% in PT BRC, while a subsidiary, Verizon Resorts Limited, has an interest of 67.83% in PT BRC, and another subsidiary, PT SI, has an interest of 15.25% in PT BRC. The effective interest of equity held by the Group is 83.72%.

(c) The Company has a direct interest of 30% in BRF whilst its subsidiary, PT BRC, has an interest of 70%. The effective interest of equity held by the Group is 88.6%.

(1) Audited by Purwantono, Sarwoko & Sandjaja

(2) Audited by Chieng & Associates

(3) Audited by Drs Johan, Malonda & Rekan

(4) Audited by TeoFoongWongLCLoong

(5) Audited by N.F Lee & Co

(6) Audited by Ernst & Young

Shares held in PT BIC and PT SI are used as collateral to secure bank loan as disclosed under Note 22 – "Loans and borrowings".

8 Associated companies

The Group	**2006 $'000**
Unquoted equity investments, at cost	**543**
Exchange translation difference	**(16)**
Share of post-acquisition reserves	**628**
	1,155

8 Associated companies (cont'd)

The associated companies are as follows:

Name of associated companies	Country of incorporation	Percentage of equity held		Principal activities
		2006 %	2005 %	
Held by PT BIC				
PT Soxal Batamindo Industrial Gases	Indonesia	**30**	–	Production and sale of industrial gases
Batamindo Carriers Pte Ltd	Singapore	**36**	–	Provision of ship and boat chartering services
Batamindo Medical Management Pte Ltd	Singapore	**50**	–	Dormant
Held by PT SI				
Bintan Resort Management Pte Ltd	Singapore	**40**	–	Dormant

The summarised financial information of associated companies is as follows:

	2006 $'000
Current assets	**869**
Non–current assets	**576**
Current liabilities	**(289)**
Non–current liability	**(7)**
Net assets	**1,149**
Revenue	**1,715**
Losses	**(567)**
Dividend	**78**

9 Other investments

The Group	**2006 $'000**
Unquoted equity investments, at cost	**10,000**
Allowance for impairment losses	**(10,000)**
	–

10 Deferred tax assets

The Group	**2006 $'000**
Balance at beginning	**–**
On acquisition of subsidiaries	**4,794**
Credited to income statement	**699**
Balance at end	**5,493**

	On acquisition of subsidiaries $'000	(Charged)/ credited to income statement $'000	**Balance at 31 December 2006 $'000**
The balance comprises tax on:			
Fiscal loss net of expired tax loss	5,279	279	**5,558**
Estimated liability for employee service entitlements	498	497	**995**
Allowance for doubtful debts	720	1,300	**2,020**
Provision for impairment loss in value of investments	3,000	–	**3,000**
Valuation allowance	(2,839)	942	**(1,897)**
Property, plant and equipment	(1,864)	(2,319)	**(4,183)**
	4,794	699	**5,493**

11 Loan receivable

The Group	**2006 $'000**
Receivable	
Not later than one year	**–**
Later than one year and not later than five years	**62,046**
Later than five years	**–**
	62,046

Convertible loan receivable of approximately $62,046,000 is unsecured and is convertible at the option of its subsidiary, Verizon Resorts Limited, 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 S$14.9 million. 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.

The conversion of the loan receivable from PT AIB into PT AIB shares would result in VRL Labuan holding approximately 48.71% of the enlarged issued share capital of PT AIB. In that event, PT AIB will become an associated company of VRL Labuan.

12 Other non-current assets

The Group	2006 $'000
Golf membership (a)	4,223
Provision for impairment loss	(2,240)
	1,983
Estimated claims for income tax refund	1,317
Deposits paid	36
	3,336

(a) Golf membership represents the value of non-refundable unsold golf membership. Due to the low market demand for golf membership, the Group writes down the non-refundable membership to its recoverable amount. The recoverable amount is based on the published market price of the golf membership.

13 Land inventories

The Group	2006 $'000
At cost	551,011

As at 31 December 2006, PT SBP's land inventories comprise 3,767 ha with Building Use Right ("HGB") Certificates which includes 100 ha to be transferred to PT BIIE. These landrights will expire on certain dates in 2023 to 2026.

As at 31 December 2006, PT BMW's land inventories comprise 14,224 ha of land with HGB certificates. These landrights will expire on several dates from 2023 to 2028.

14 Other inventories

The Group	2006 $'000
Fuel and lubrication oil, at cost	9,333
Medicines, at cost	70
Consumables and supplies, at cost	3,866
	13,269
Provision for stock obsolescence	(537)
	12,732
Stated at	
Cost	
Medicine	70
Fuel and lubrication oil	2,121
Consumables and supplies	190
Net realisable value	
Fuel and lubrication oil	7,193
Consumables and supplies	3,158
	12,732

15 Trade and other receivables

	The Company		The Group
	2006	2005	2006
	$'000	$'000	$'000
Trade receivables			
– external parties	**–**	–	63,113
Allowance for doubtful debts	**–**	–	(10,142)
	–	–	52,971
Refundable deposits	**27**	19	18
Prepayments	**76**	4	2,878
Loan to a subsidiary	**87,958**	87,862	–
Recoverable from third party	**–**	2,272	–
Interest receivable	**–**	–	6,067
Amount owing by related parties	**–**	–	13,166
Others	**–**	–	55
Allowance for doubtful debts	**–**	–	(3,215)
	88,061	90,157	71,940

Trade receivables are generally due within 30 to 90 days and do not bear any interest.

All receivables are subject to credit risk exposure. The Group does not identify any specific concentration of credit risk as the receivables resemble a large number of balances spread over a large number of customers. The Company has identified significant concentration of credit risk arising from the loan given to a subsidiary.

Certain trade receivables are used as collateral for the interest-bearing loans obtained (Note 22).

Recoverable from third party represents direct expenditure incurred relating to the planned future acquisition of group of companies. The expenditure includes legal and professional fees.

The loan to a subsidiary, is unsecured, interest-free and repayable on demand.

16 Restricted cash

	The Company		The Group
	2006	2005	**2006**
	$'000	$'000	**$'000**
Fixed deposits	**–**	25,000	**908**

The Company and The Group

The restricted cash represents cash in a bank account with United Overseas Bank Limited ("UOBL"). As disclosed in Note 22 – "Loans and borrowings", the bank loan with UOBL is secured by an assignment of accounts receivable and the related bank account is designed and maintained for collection of such accounts receivable.

The fixed deposit matured within 3 years and 8 months from the end of the financial year in 2005. The effective interest rate is 3.2% (2005 – 1.8%) per annum. During the financial year, the fixed deposit of $25,000,000 pledged for bank loan to the extent of $112,500,000 (Note 22) was released.

17 Cash and cash equivalents

	The Company		The Group
	2006	2005	**2006**
	$'000	$'000	**$'000**
Cash on hand	**1**	1	**301**
Cash in banks	**386**	251	**41,008**
	387	252	**41,309**
Time deposits	**2,000**	–	**25,625**
	2,387	252	**66,934**
Interest rate on time deposits			
Singapore Dollar	**3.2%**	–	**2% – 3.355%**
Indonesian Rupiah	**–**	–	**10.25% – 13%**
United States Dollar	**–**	–	**3.5% – 5.025%**

18 Share capital

The Company and The Group	**2006** **$'000**	2005 $'000
Balance at beginning – 20 (2005 – 2) ordinary share	*****	*
Issue 1,932,435,662 ordinary shares for the acquisition of subsidiaries	**961,322**	–
Issue 477,987,502 ordinary shares for cash	**243,890**	–
Balance at end – 2,410,423,184 (2005 – 2) ordinary shares	**1,205,212**	*

* Representing $2 share capital.

Pursuant to amendments to the Companies Act, Cap. 50, the concepts of par value of shares and authorised share capital were abolished with effect from 30 January 2006 and on that date, the shares of the Company ceased to have a par value.

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.

19 Deposits from tenants and golf membership

The Group	**2006** **$'000**
Deposits from tenants	**32,615**
Refundable golf membership deposit	**7,487**
	40,102

19 Deposits from tenants and golf membership (cont'd)

Deposits from tenants represent advance payments received from tenants equivalent to certain months' factory and dormitory rentals, hawkers' centers, 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.

Refundable deposits received for golf club membership, which consist of Individual Type, Corporate A and B type, will be due on 1 August 2020.

20 Employee benefits liabilities

The Group	2006 $'000
Balance at beginning	–
On acquisition of subsidiaries	4,013
Net employee' benefits expense	1,092
Actual benefit payment	(56)
Balance at end	5,049

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 and PT Jasa Aktuaria Pensiun dan Asuransi which considered the following assumptions:

Discount rate	:	11% per annum
Mortality rate	:	USA Table of Mortality, commissioners standard ordinary 1980
Annual salary increases	:	9% to 10% per annum
Retirement age	:	55 years
Turnover rates	:	5% up to age 25 and reducing linearly by 0.25% for each year up to 0% at the age of 45 and thereafter
Disability rate	:	10% of mortality rate

The net employee benefits expense comprises the following:

	2006 $'000
Current service cost	686
Interest expense	387
Immediate recognition of past service cost	(15)
Unrecognised past service cost–vested	22
Excess payment	12
	1,092

20 Employee benefits liabilities (cont'd)

Present value of employee benefits:

	2006 $'000
Unfunded status	**5,092**
Unrecognised past service cost–unvested	**52**
Unrecognised past service cost–vested	**(48)**
Unrecognised actual losses	**(47)**
	5,049

21 Deferred tax liabilities

The Group	**2006 $'000**
Balance at beginning	**–**
On acquisition of subsidiaries	**17**
Charged to income statement	**89**
Balance at end	**106**

	On acquisition of subsidiaries $'000	Charged/ (credited) to income statement $'000	**Balance at 31 December 2006 $'000**
The balance comprises tax on:			
Fiscal loss net of expired tax loss	183	(208)	**(25)**
Estimated liability for employee service entitlements	1,161	(1,161)	**–**
Property, plant and equipment	(1,327)	1,458	**131**
	17	89	**106**

22 Loans and borrowings

	The Company 2006 $'000	The Company 2005 $'000	The Group 2006 $'000
Bank loans			
Term loan 1 – United Overseas Bank Limited	**90,000**	105,000	**90,000**
Term loan 2 – United Overseas Bank Limited	**–**	–	**20,840**
Term loan 3 – United Overseas Bank Limited	**–**	–	**1,500**
PT Bank Mega Tbk	**–**	–	**10,740**
Bank Niaga Tbk	**–**	–	**226**
	90,000	105,000	**123,306**
Less:			
Current portion	**(24,000)**	(15,000)	**(43,286)**
	66,000	90,000	**80,020**

The outstanding bank loans of the Company and the Group exposed to interest rates are as follows:

	The Company 2006 $'000	The Company 2005 $'000	The Group 2006 $'000
Current portion:			
– at floating interest rate	**24,000**	15,000	**32,320**
– at fixed interest rate	**–**	–	**10,966**
	24,000	15,000	**43,286**
Non-current portion:			
– at floating interest rate	**66,000**	90,000	**80,020**
– at fixed interest rate	**–**	–	**–**
	66,000	90,000	**80,020**

(a) Term loan 1

The loan is secured by:

(i) pledge of shares in the capital of PT BIC and PT SI; and

(ii) deed of assignment and charge, whereby the companies have assigned and charged to the bank all its rights, title and interest in dividends arising from; inter alia, the shares pledged as mentioned in (i) above.

During the financial year, the following which were previously placed as securities for the loan, were released:

(i) pledge of shares in the capital of PT BMW and PT SBP ; and

(ii) fixed deposit of $25,000,000 (Note 16).

22 Loans and borrowings (cont'd)

(a) Term loan 1 (cont'd)

Certain covenants, among others, need to be maintained and complied with:

(a) the tangible consolidated net worth of PT BIC will not at any time be less than $400,000,000;

(b) the ratio of EBITDA of PT BIC to its interest expense for each test period will not be less than 2.5 to 1.

(c) the operating margin of PT BIC for its financial year will not be less than 25%. For the purpose of this sub-clause, the operating margin for PT BIC's financial year shall be determined based on the EBITDA of PT BIC for the relevant financial year as compared to its revenue for that financial year; or

(d) the occupancy rate at Batamindo Industrial Park ("BIP") located at Batam Indonesia will not be less than 80%. For the purpose of this sub-clause, "occupancy rate" means the total factory area (in square metres) leased or sold by PT BIC to third parties at BIP divided by the total factory area available for lease or sale by PT BIC at BIP as at the date of the Agreement. For the avoidance of doubt, any new factory or premises built, constructed or purchased at BIP by PT BIC or any third party after the date of the Agreement shall not be included in the computation of the occupancy rate for the purpose of this sub-clause.

The term loan is repayable semi-annually in 9 installments starting from August 2005, comprising:

(i) 1st to 3rd installments of $7,500,000 each;

(ii) 4th and 5th installments of $12,000,000 each;

(iii) 6th and 7th installments of $16,000,000 each;

(iv) 8th installments of $17,000,000;

(v) 9th installment of $17,000,000 and all outstanding total indebtedness.

The effective interest rate of the bank loan is approximately 5.5% (2005 – 4.37%) per annum.

The loan bears interest at 2.25% per annum above SWAP rate, presently at 3.65% per annum. During the year, the bank reprice the interest rate to 1.5% per annum above SWAP rate.

(b) Term loan 2

This loan is secured by an assignment of accounts receivable (Note 15) and the related bank account with UOBL which is maintained for the collections of such accounts receivables (Note 16). This loan is payable in 12 (twelve) equal quarterly installments commencing 15 August 2006. The loan agreement includes certain covenants, among others maintenance of certain financial ratio. The loan bears interest at 1.4% per annum above SWAP rate, presently at 3.65% per annum, and the rates ranged from 4.37% to 5.15% per annum. There is no repricing of interest rate.

(c) Term loan 3

The Group obtained revolving credit facilities from UOBL amounting to S$3,000,000 which was drawn on various dates. The terms of revolving credit facility will expire on 10 January 2008. These loans bear interest at the annual rate of 1% above the swap rate, which ranged from 4.11% to 4.76%. The revolving credit facilities are secured by the following:

(i) deed of Debenture creating a fixed and floating charge over Bintan Resort Ferries Pte Ltd ("BRF)'s assets both present and future including goodwill and uncalled capital;

(ii) first legal mortgage on BRF's vessels;

22 Loans and borrowings (cont'd)

(iii) corporate guarantee from PT BRC; and

(iv) a "hull and machinery and war" insurance on BRF's vessels.

There is no repricing of interest rate

(d) PT Bank Mega Tbk

On March 2, 2006, PT BRC obtained a loan facility to finance working capital requirements of the company amounting to US$7,000,000. Interest per annum was 9%. The loan has term of one year and renewable every year based on the agreement of both parties.

The loan is secured by land parcels AU1, BT1A and WR1 which cover an area of 1,698 hectares and the buildings thereon (township, utility and reservoir).

(e) Bank Niaga Tbk

This loan was obatined to finance the purchase of vehicle amounting to S$245,631 bearing a flat interest rate at 10% per annum. The loan is repayable by August 2010.

23 Trade and other payables

	The Company		The Group
	2006	2005	**2006**
	$'000	$'000	**$'000**
Trade payables	**–**	–	**19,655**
Accruals	**613**	1,262	**3,767**
Interest payable on bank loan	**1,550**	1,512	**2,407**
Advances from related corporations	**30**	2,399	**22,578**
Advances from subsidiaries	**9,583**	–	**–**
Loan from PT BIIE	**–**	9,834	**–**
Loan payable	**–**	–	**19,295**
	11,776	15,007	**67,702**

Trade payables are generally on 30 days credit terms.

The loan from PT BIIE was unsecured, bore interest at 1.8% per annum and was repaid during the financial year.

Advances from subsidiaries and related corporations are unsecured and interest-free and repayable on demand.

Loan payable is unsecured and repayable on demand. Interest is charged at the rate of 2.25% per annum.

24 Other income

The Group	2006 $'000	2005 $'000
Interest income – bank	**3,931**	391
Gain on disposal of property, plant and equipment	**14**	–
Gain on disposal of investment property	**105**	–
Miscellaneous income	**1,487**	–
Excess of share of fair value of assets and liabilities of subsidiaries acquired over purchase consideration written off	**13,360**	–
Exchange gain	**1,738**	–
	20,635	391

25 Other operating expenses

The Group	2006 $'000	2005 $'000
Depreciation and amortisation	**2,985**	–
Management fee	**1,793**	–
Marketing and promotion expenses	**5,704**	–
Others	**6,642**	–
Repairs and maintenance	**1,352**	–
Representation costs	**1,253**	–
Staff costs	**6,870**	–
Taxes and licences	**1,269**	–
Transport and travelling	**667**	–
Utilities	**1,588**	–
	30,123	–

26 Finance costs

The Group	2006 $'000	2005 $'000
Bank loans	**5,738**	3,754
Minority shareholders	**100**	–
Others	**496**	–
	6,334	3,754

27 Profit/(loss) before taxation

The Group	Note	**2006 $'000**	2005 $'000
Profit/(loss) before taxation has been arrived at after charging/(crediting):			
Amortisation of intangible assets	4	**79**	5
Depreciation of property, plant and equipment	5	**22,079**	39
Depreciation of investment properties	6	**11,411**	–
Directors' fees		**351**	–
Directors' remuneration			
– Directors' salaries and related costs		**322**	–
– CPF contributions		**35**	–
Foreign exchange (gain)/loss		**(1,738)**	44
Operating lease rentals			
– office equipment and office premises		**430**	80
Staff costs (other than directors)			
– salaries and related costs		**13,919**	367
– CPF contributions		**262**	39
		14,181	406

28 Key management personnel compensation

The Group	**2006 $'000**	2005 $'000
Short–term benefits	**1,409**	–

29 Taxation

The Group	**2006 $'000**	2005 $'000
Current taxation		
Indonesia tax		
Final tax	**10,708**	–
Non–final tax	**804**	–
Singapore tax	**123**	–
	11,635	–
Deferred taxation		
Indonesia tax	**(609)**	–
	11,026	–

No current taxation for financial year ended 31 December 2005 had been provided in the financial statement as the Company has no taxable profit.

29 Taxation (cont'd)

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 company's profit/(loss) as a result of the following:

The Group	**2006** **$'000**	2005 $'000
Profit/(loss) before taxation	**40,869**	(4,365)
Tax at statutory rate of 20%	**8,174**	(873)
Tax suffered at foreign source	**268**	–
Difference of tax effects on gross income subject to final tax instead of corporate tax	**1,248**	–
Tax effects on non–deductible expenses	**1,336**	873
	11,026	–

30 Earnings/(loss) per share

The Group

The earnings per share for 2006 is calculated based on the Group's profit after taxation for the year of $29,026,000 attributable to the shareholders divided by weighted average number of 1,406,080,191 ordinary shares in issue during the financial year. There are no dilutive potential ordinary shares that were outstanding during the year.

The loss per share for the financial year ended 31 December 2005 is calculated based on the loss of $4,365,000 divided by the 2,410,423,184 ordinary shares, on the assumption that they were issued at the beginning of 2005.

31 Operating lease commitments

At the balance sheet date, the Company and the Group were committed to making the following lease rental payments under non-cancellable operating leases for office equipment and office premises:

	The Company		The Group
	2006	2005	**2006**
	$'000	$'000	**$'000**
Not later than one year	**106**	66	**492**
Later than one year and not later than five years	**54**	70	**398**
Later than five years	**–**	–	**–**

The Company and The Group

The Company's lease on the office equipment and office premises on which rentals are payable will expire on 31 March 2008 and 31 May 2008, subject to an option to renew for another 5 years and 3 years and the current rent payable on the leases are $350 and $5,155 per month which is subject to revision on renewal.

The subsidiaries have entered into operating lease of office premises, telecommunication equipment and two vessels which will expire in 2007 and 2010 respectively. The current lease rental ranges from $1,106 per month to $4,778 per month.

31 Operating lease commitments (cont'd)

The Group

The Group has entered into operating leases of factory buildings. Future minimum rentals receivable under non-cancellable operating leases are as follows:

The Group	2006 $'000
Not later than one year	**30,161**
Later than one year and not later than five years	**24,156**
Later than five years	**–**

32 Capital commitments

The Group

At the balance sheet date, the Company and the Group were committed to the following capital expenditure for equipment as follows:

	2006 $'000
Capital expenditure contracted but not provided for	**18,068**

33 Contingent liabilities (unsecured)

33.1 As of 31 December 2006, there is a claim against PT BEV by Akira Heavy Machinery and Construction Pte., Ltd. (Akira) for sums allegedly unpaid for works done in the construction of the golf course amounting to S$1,495,410. In 2001, Akira and PT Karya Titan (Titan), a local joint venture of Akira, agreed with the claim settlement offered by PT BEV amounting to S$450,000. However, Titan filed a lawsuit with the Riau High Court against Akira on the claim amount allocation into their joint account. On November 1, 2002, the Riau High Court ratified the claim amount to be paid to Akira and Titan, but Titan did not agree with the verdict and filed the lawsuit to the Supreme Court. As of 31 December 2006, PT BEV recorded the accrual for the claim amounting to S$450,000 under "Trade payables" account in the balance sheet. The Directors are of the opinion that the case will not have an adverse impact on the operations and financial position of PT BEV.

33 Contingent liabilities (cont'd)

33.2 PT Adhya Tirta Batam ("PT ATB") filed an infringement case against PT BIC. PT ATB alleged inter alia, PT BIC's business activity of water extraction in Batam, processing and water supply to tenants in BIP is beyond the authority of PT BIC's articles of association, contravenes the permits owned by PT BIC and breaches PT ATB's alleged exclusive right to water exploitation in Batam Island. PT ATB also claims that PT BIC under the management of the other defendants failed to act honestly in registering and notifying its business activities to the Indonesian authorities.

PT ATB is claiming (amongst others) from the defendants alleged losses totalling approximately the equivalent of S$49 million (based on an exchange rate of Rp5,800:S$1). PT ATB is also seeking (i) an order that PT BIC stops any business activity related to water exploitation which does not conform with its articles of association and licences, (ii) an order that the defendants demolish the buildings, equipment, facilities and infrastructure related to the business activity of water extraction and distribution or sale of water to the public and/or group of customers in Batam Island; and (iii) a declaration that PT BIC be dissolved.

On 1 November 2006, ATB, Batam Industrial Development Authority ("BIDA") and PT BIC entered into Heads of agreement on Raw Water Abstraction Licence (the settlement Agreement) whereby the three parties have agreed on the following matters, among others, ATB acknowledged the fact that BIDA had licensed PT BIC to abstract raw water from Duriankang and Mukakuning, PT BIC acknowledged the fact that BIDA has granted an exclusive licence to ATB to abstract raw water throughout the Batam island, BIDA shall reconfirm the right of PT BIC by issuing new licence to PT BIC for raw water abstraction with a total volume of 4,500 m3 per day. Following the Settlement Agreement, on 7 November 2006, PT BIC and ATB entered into the Deed of Settlement (Akta Perdamaian) based on the notarial deed No 8 Edison Jingga S.H.

33.3 During the year, PT Raflesia Matrawisata ("PT Raflesia") filed a civil suit against five defendants, namely, the Gallant subsidiaries, PT BMW and PT BRC (together the "Gallant Subsidiaries", which expression may where applicable mean one or both of them); PT Bintan Lagoon Resort; Badan Pertanahan National (the Indonesia National Land Office); Badan Pertanahan National Cq Kantor Pertanahan Kabupaten Kepulauan Riau (the Bintan Land Office) on their rights over certain land parcels of land in Bintan. The land ownership under dispute covers an area of 963,353 square meters ("the land") and it includes land currently occupied by PT Bintan Lagoon Resort and other land parcels not specified in the suit. PT Raflesia claimed to be the rightful owner of the said land and sought court remedy on land purportedly occupied by the defendants. On 19 October 2006, the court issued restraining order (putusan sala-provision) which, inter alia, to require Gallant Subsidiaries and PT Bintan Lagoon Resort and other parties to refrain from advertising for sales or transfer the land to any parties until the court verdict has been issued with final legal effect.

The Group is in the view that the claim by PT Raflesia for material losses of approximately 57 billion Rupiah (equivalent to approximately S$ 9.5 million) is for alleged loss of rental income for the land with an area of 115,080 square meters, on which the Bintan Lagoon Resort Hotel is located. This hotel and buildings on the said land are owned by PT Bintan Lagoon Resort, which is not part of the Group. Further, the Group has no ownership interest in PT Bintan Lagoon Resort. Accordingly, there is no basis for PT Raflesia to claim against the Gallant Group. The Group maintains that the Suit is frivolous, vexatious and has no legal merits.

As disclosed in the Prospectus, Gallant acquired its interest in PT BMW and PT BRC shortly prior to the registration of the Prospectus pursuant to a sale and purchase agreement with Parallax Venture Partners XXX Limited ("PVP"), which is a substantial shareholder of Gallant. Under this agreement, Gallant obtained warranties and undertakings from PVP. These included warranties as to ownership and title to all the land acquired including the land concerned and an indemnity from PVP. PVP has confirmed that it will indemnify Gallant in full for any losses or damages suffered as a result of this Suit. The Gallant Subsidiaries will however continue to vigorously defend the Suit as they are named defendants. All costs incurred by them in this respect will be borne by PVP. Therefore, the Group will not have any adverse financial exposure to the Suit.

34 Related parties transactions

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Apart from the balances with related parties disclosed elsewhere in this report, the following transactions have been entered into by the Group are as follows:

	2006	2005
	$'000	$'000
Shareholders		
Marketing services	**2,482**	–
Marketing remuneration fees	**19**	–
Offshore marketing services	**1,275**	–
Staff secondment fees	**1,386**	–
Management fee	**210**	–
Companies in which a shareholder has an interest		
Technical assistance fee	**163**	–
Human resource management fee	**568**	–
Management fee	**2,134**	–
Port management fees	**185**	–
Insurance premiums	**386**	–
Claims received	**(162)**	–
Sales	**(7,895)**	–
Utilities	**73**	
Telecommunication expenses	**29**	
Fees and rentals	**1,168**	–
Minority shareholders		
Interest expense	**100**	–
Associated company		
Interest Income	**(6)**	–

35 Segment information

Industrial parks segment

Industrial parks segment is engaged in activities consisting of the development, construction, operation and maintenance of industrial properties in Batam and Bintan together with the supporting infrastructure activities.

Utilities segment

Utilities segment is engaged in the activities of provision of electricity and water supply, telecommunications services and waste management and sewage treatment services to the industrial parks in Batam and Bintan as well as resorts in Bintan.

Resort operations segment

The resort operation 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.

35 Segment information (cont'd)

Property development segment

Property development segment is engaged in the activities of developing industrial and resort properties in Batam and Bintan.

The Group

	Industrial parks $'000	Utilities $'000	Resort operations $'000	Property developer $'000	Corporate $'000	Elimination $'000	Total $'000
Business segments							
Operating revenue							
External sales	40,891	99,651	16,186	19,911	–	–	176,639
Inter segment sales	19	417	–	–	–	(436)	–
Total sales	40,910	100,068	16,186	19,911	–	(436)	176,639
Segment results							
Profit/(loss) from operations	8,653	16,766	(6,665)	17,541	10,908	–	47,203
Finance costs							(6,334)
Profit before taxation							40,869
Taxation							(11,026)
Profit after taxation							29,843
Attributable to:							
Equity holders of the Company							29,026
Minority interests							817
							29,843
Assets							
Segment assets	522,045	276,855	59,780	559,864	71,246	–	1,489,790
Unallocated corporate assets							11,398
Total assets							1,501,188
Liabilities							
Segment liabilities	65,545	21,606	27,394	6,574	103,596	–	224,715
Unallocated corporate liabilities							13,135
Total liabilities							237,850
Other information							
Capital expenditure	5,753	13,854	821	321	96	–	20,845
Software costs	97	–	–	–	11	–	108
Amortisation of software cost	68	–	–	2	9	–	79
Depreciation of property, plant and equipment	5,390	10,713	5,807	125	44	–	22,079
Depreciation of investment properties	11,411	–	–	–	–	–	11,411
Gain on disposal of property, plant and equipment	(4)	–	(10)	–	–	–	(14)
Gain on disposal of investment property	(105)	–	–	–	–	–	(105)
Allowance for doubtful debts (trade)	(92)	–	208	–	–	–	116

35 Segment information (cont'd)

Geographical segments

The Group operates mainly in Batam Island and Bintan Island. 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 operating cash, receivables, inventory, investment property 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, loans and borrowings.

Segment assets and liabilities do not include deferred tax assets, deferred tax liabilities and current tax payable.

36 Financial risk management objectives and policies

The Group is affected by various financial risks, including credit risk, foreign currency risk, interest rate risk and liquidity risk. The Group's overall risk management objective is to effectively manage these risks and minimize potential adverse effects on their financial performance.

The Board of Directors review and agree with the policies for managing each of these risks, as well as economic risk and business risk of the Group, which are summarised below, and also monitors the market price risk arising from all financial instruments.

36.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The financial assets that potentially subject the Group to significant concentration of credit risk consist principally of cash and cash equivalents, trade and other receivables, and due from related parties. The Group has in place credit policies and procedures to ensure the ongoing credit evaluation and active account monitoring. 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 balance sheet date, there were no significant concentrations of credit risk.

36.2 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group is exposed to foreign currency exchange rate movement primarily in Indonesian Rupiah on certain expenses, assets and liabilities which arise from daily operations and United States dollar loan from the bank.

The Group uses foreign currency denominated assets as a natural hedge against its foreign currency denominated liabilities. As at balance sheet date, the Group's exposures to foreign exchange risk are not significant and most transactions are denominated in Singapore Dollars as their functional currency.

36 Financial risk management objectives and policies (cont'd)

36.3 Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group is financed through interest-bearing bank loans and other borrowings such as shareholders' loans and advances from related parties. 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.

36.4 Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to support their business activities on timely basis. The Group maintains a balance between continuity of accounts receivable collectibility and flexibility through the use of bank loans and other borrowings.

37 Financial instruments

Fair values

The carrying amounts of financial assets and financial liabilities with a maturity of less than one year as reflected in the balance sheet approximate their fair values.

The Group does not anticipate that the carrying amounts of financial assets and financial liabilities of more than one year recorded at balance sheet date would be significantly different from the values that would eventually be received or settled.

For other financial instruments which are not stated at quoted market price and whose fair value cannot be reliably measured without incurring excessive costs, they are carried at amortised cost. It is not practical to estimate the fair values of golf membership, other long-term receivables, other long-term loans and borrowings and deposits from tenants/golf membership due to a lack of fixed or repayment terms between both parties. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

38 Economic conditions

The operations of the Group have been affected, and may continue to be affected for the foreseeable future by the economic conditions in Indonesia that may contribute to volatility in currency values and negatively impact economic growth. Economic improvements and sustained recovery are dependent upon several factors such as fiscal and monetary actions being undertaken by the government and others; actions that are beyond the control of the Group.

39 Events after the balance sheet date

Subsequent to the balance sheet date, the Company acquired an additional 20% equity interest if PT Suakajaya Indowahana for a consideration of $1,519,000.

STATISTICS OF SHAREHOLDINGS

as at 19 March 2007

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	600	36.88	204,704	0.01
1,000 – 10,000	698	42.90	3,659,663	0.15
10,001 – 1,000,000	311	19.11	18,609,887	0.77
1,000,001 AND ABOVE	18	1.11	2,387,948,930	99.07
GRAND TOTAL	1,627	100.00	2,410,423,184	100.00

TWENTY LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares	%
1	Citibank Nominees S'pore Pte Ltd	783,131,913	32.49
2	SembCorp Parks Holdings Ltd	647,057,166	26.84
3	Parallax Venture Partners XXX Limited	423,646,675	17.58
4	United Overseas Bank Nominees Pte Ltd	91,636,652	3.80
5	Ascendas Investment Pte Ltd	88,200,031	3.66
6	Dornier Profits Limited	84,000,000	3.48
7	Raffles Nominees Pte Ltd	75,348,400	3.13
8	Morgan Stanley Asia (S'pore) Securities Pte Ltd	63,438,600	2.63
9	DBS Nominees Pte Ltd	42,003,200	1.74
10	DBSN Services Pte Ltd	39,797,000	1.65
11	HSBC (Singapore) Nominees Pte Ltd	36,985,000	1.53
12	PT Elitindo Citralestari	3,106,688	0.13
13	Kim Eng Securities Pte. Ltd.	3,077,500	0.13
14	OCBC Securities Private Ltd	1,754,500	0.07
15	DBS Vickers Securities (S) Pte Ltd	1,549,405	0.06
16	Merrill Lynch (S'pore) Pte Ltd	1,097,600	0.05
17	Mayban Nominees (S) Pte Ltd	1,090,600	0.05
18	Royal Bank of Canada (Asia) Ltd	1,028,000	0.04
19	UOB Kay Hian Pte Ltd	711,000	0.03
20	Ng Theng Lock	667,000	0.03
	Total	2,389,326,930	99.12

PUBLIC FLOAT

Based on the information available to the Company as at 19 March 2007, approximately 22.48% 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

Name of Substantial Shareholders	Number of Shares Direct interest	Number of Shares Deemed interest
PVP Venture Partners XXX Ltd	627,293,350	–
Parallax Venture Fund XXX[1]	–	627,293,350
Parallax Capital Management Pte Ltd[1]	–	627,293,350
Edan Cho Park[1]	–	627,293,350
Eugene Cho Park[1]	–	627,293,350
Dornier Profits Limited[1][3]	84,000,000	627,293,350
PT Elitindo Citralestari[3]	3,106,688	–
PT Herwido Rintis[2]	507,011,738	–
PT Gadingpratama Mandiri[2]	–	507,011,738
PT Dornier Indonesia[2]	–	507,011,738
Anthoni Salim[4]	–	1,221,411,776
SembCorp Parks Holdings Ltd	647,057,166	–
SembCorp Industries Ltd[5]	–	647,057,166
Temasek Holdings (Private) Limited[5]	–	650,541,166

(1) Eugene Cho Park and Edan Cho Park hold the entire issued share capital of Parallax Capital Management Pte Ltd ("PCM"), and PCM holds more than 50% of the voting share capital of Parallax Venture Fund XXX ("PVF"), and PVF in turn holds more than 20% of the issued share capital of PVP Venture Partners XXX Ltd ("PVP"). In addition, Dornier Profits Limited holds more than 50% of the issued share capital of PVP. In this respect, pursuant to Section 7 of the Companies Act, Cap. 50., Eugene Cho Park is deemed to be interested in the shares of the Company held by PVP.

(2) The Salim Group holds the entire issued share capital of PT Gadingpratama Mandiri ("PT GPM") through PT Dornier Indonesia. PT GPM in turn holds more than 50% of the issued share capital of PT Herwido Rintis ("PT HR"). PT GPM is therefore deemed to be interested in the shares of the Company held by PT HR.

(3) The Salim Group has a direct interest in the shares of the Company via PT Elitindo Citralestari and Dornier Profits Limited.

(4) The Salim Group is controlled by Anthoni Salim.

(5) Temasek Holdings (Private) Limited ("Temasek") is the ultimate holding company of SembCorp Industries Limited ("SCI"), and SCI in turn holds the entire issued share capital of SembCorp Parks Holdings Ltd ("SCP"). Accordingly, Temasek is deemed to be interested in the shares of the Company held by SCI, and SCI is deemed to be interested in the shares of the Company held by SCP.

GALLANT VENTURE LTD.

(Incorporated in the Republic of Singapore)
Registration No. 200303179Z

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Raffles City Convention Centre, Sophia Room, 4th Level, No. 2 Stamford Road, Singapore 178882 on Friday, 27th day of April 2007 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2006 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To approve the Directors' fee of S$351,000 for the financial year ended 31 December 2006. **(Resolution 2)**

3. To re-elect the following Directors:-

   (a) Mr Foo Ko Hing who is retiring under Article 115 of the Articles of Association **(Resolution 3)**

   Mr Foo Ko Hing will, upon re-election as Director of the Company, remain as a member of the Audit, Nominating and Remuneration Committees. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   (b) Mr Lim Hock San who is retiring under Article 115 of the Articles of Association **(Resolution 4)**

   Mr Lim Hock San will, upon re-election as Director of the Company, remain as the Non-executive Chairman, Chairman of the Audit and Remuneration Committees, and a member of the Nominating Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   (c) Mr Eugene Cho Park who is retiring under Article 115 of the Articles of Association **(Resolution 5)**

   Mr Eugene Cho Park will, upon re-election as Director of the Company, remain as an Executive Director of the Company.

4. To consider, and if thought fit, to pass the following resolution:

   "That pursuant to Section 153(6) of the Companies Act, Chapter. 50, Mr Rivaie Rachman be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **(Resolution 6)**

   Mr Rivaie Rachman will, upon re-appointment as Director of the Company, remain as the Chairman of the Nominating Committee, and a member of the Audit and Remuneration Committees. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

5. To re-appoint Foo Kon Tan Grant Thornton 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:-

6. Authority to allot and issue shares

(a) "That pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

(i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always, that subject to any applicable regulations as may be prescribed by the Singapore Exchange Securities Trading Limited,

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's issued share capital, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's issued share capital at the time this resolution is passed, after adjusting for;

(a) new shares arising from the conversion or exercise of convertible securities, or

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and

(c) any subsequent consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting 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)

7. Renewal of the Shareholders' Mandate for Interested Person Transactions

(a) "That approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("Chapter 9") of the Singapore Exchange Securities Trading Limited, 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 in accordance with the review procedures for Interested Person Transactions as set out in the Appendix (the "IPT Mandate");

(b) That 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) That 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)

8. To transact any other business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Choo Kok Kiong
Foo Soon Soo
Prisca Low
Joint Secretaries

Singapore
10 April 2007

Explanatory Notes:-

1. The ordinary resolution in item 6 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 aggregate 50 percent of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20 percent of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. Rule 806(3) of the Listing Manual of Singapore Exchange Securities Trading Limited currently provides that the issued share capital of the Company for this purpose shall be the issued share capital at the time of this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

2. The ordinary resolution in item 7 relates to the renewal of the mandate in the Company's Prospectus dated 28 April 2006 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 details.

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead.

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 47 Hill Street #06-02 Singapore Chinese Chamber of Commerce and Industry Building Singapore 179365 not later than 48 hours before the time appointed for the Meeting.

PROXY FORM

GALLANT VENTURE LTD.

Registration No. 200303179Z
(Incorporated in the Republic of Singapore)

IMPORTANT
1. 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, and is sent FOR INFORMATION ONLY.
2. 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, ______________________________

of ______________________________

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 (%)
*and/or			

or failing him/her, the Chairman of the Meeting as *my/our *proxy/proxies, to vote for *me/us on *my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at Raffles City Convention Centre, Sophia Room, 4th Level, No. 2 Stamford Road, Singapore 178882 on Friday, 27th day of April 2007 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2006 and the Reports of the Directors and Auditors thereon.		
2.	To approve the Directors' fee of S$321,000 for the financial year ended 31 December 2006.		
3.	To re-elect Mr Foo Ko Hing, a Director of the Company, pursuant to Article 115 of the Articles of Association.		
4.	To re-elect Mr Lim Hock San, a Director of the Company, pursuant to Article 115 of the Articles of Association.		
5.	To re-elect Mr Eugene Cho Park, a Director of the Company, pursuant to Article 115 of the Articles of Association.		
6.	To re-appoint Mr Rivaie Rachman, a Director of the Company, pursuant to Section 153(6) of the Companies Act, Chapter. 50.		
7.	To re-appoint Foo Kon Tan Grant Thornton as Auditors of the Company and to authorise the Directors to fix their remuneration.		
8.	To authorize Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
9.	To approve the Renewal of the Shareholders' Mandate for Interested Person Transactions.		

Dated this ________ day of ________________ 2007.

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his stead. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

3. 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.

4. 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 its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

5. 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 47 Hill Street #06-02 Singapore Chinese Chamber of Commerce and Industry Building Singapore 179365 not later than 48 hours before the time set for the Annual General Meeting.

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Postage
Stamp

The Company Secretaries

GALLANT VENTURE LTD.

47 Hill Street #06-02
Singapore Chinese Chamber of Commerce
and Industry Building
Singapore 179365

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6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 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.

7. 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 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

8. 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 48 hours before the time set for the Annual General Meeting.

www.gallantventure.com

GALLANT VENTURE LTD.

(Company Registration Number: 200303179Z)

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