GALLANT VENTURE

Annual Report 2007

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CORPORATE PROFILE

Setting a new global benchmark for regional development

Gallant Venture Ltd. is an investment holding company with a focus on regional growth opportunities, headquartered in Singapore. We are a commercial development and management group in the Riau Archipelago and an integrated master planner for industrial parks and resorts in Batam and Bintan.

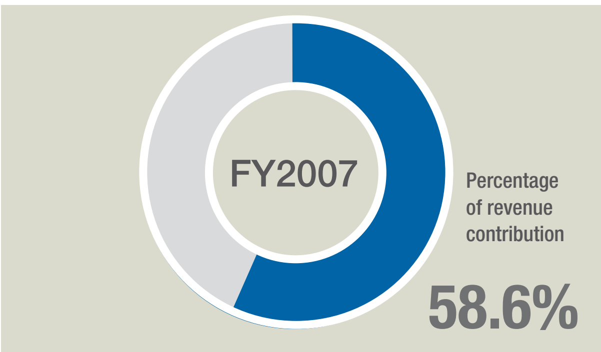
Since our establishment in the 1990s, we have been an important innovator in four key business segments – utilities, industrial parks, resort operations and property development. Our businesses are well-positioned to leverage on the strategic proximity of Singapore and the strategic alliance between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

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

OUR CORE BUSINESSES

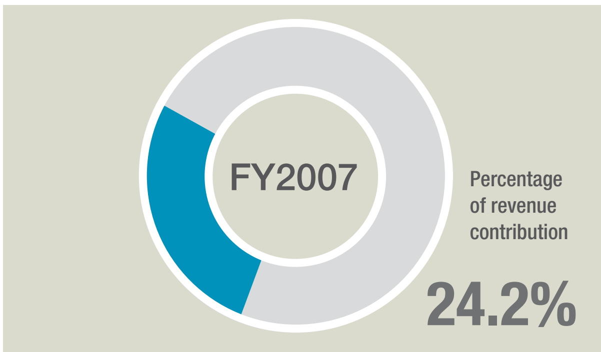
We are committed to adding value to our projects through world-class and comprehensive solutions

Utilities



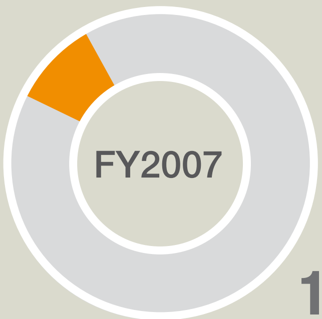
We provide power supply, water, telecommunication systems and waste management services in Batamindo Industrial Park, Bintan Industrial Estate and Bintan Resorts.

Industrial Parks



Our highly-functional industrial parks in Batam and Bintan provide ready-built production facilities that can be customized to the specific needs of our tenant enterprises.

Resort Operations

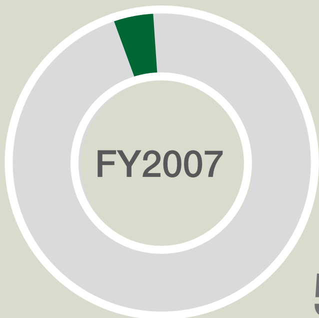


Percentage of revenue contribution

11.3%

We offer transportation, wide-ranging amenities and other auxiliary services in Bintan Resorts, an integrated resort development and international tourist destination which is home to a slate of brand name resorts and spas.

Property Development

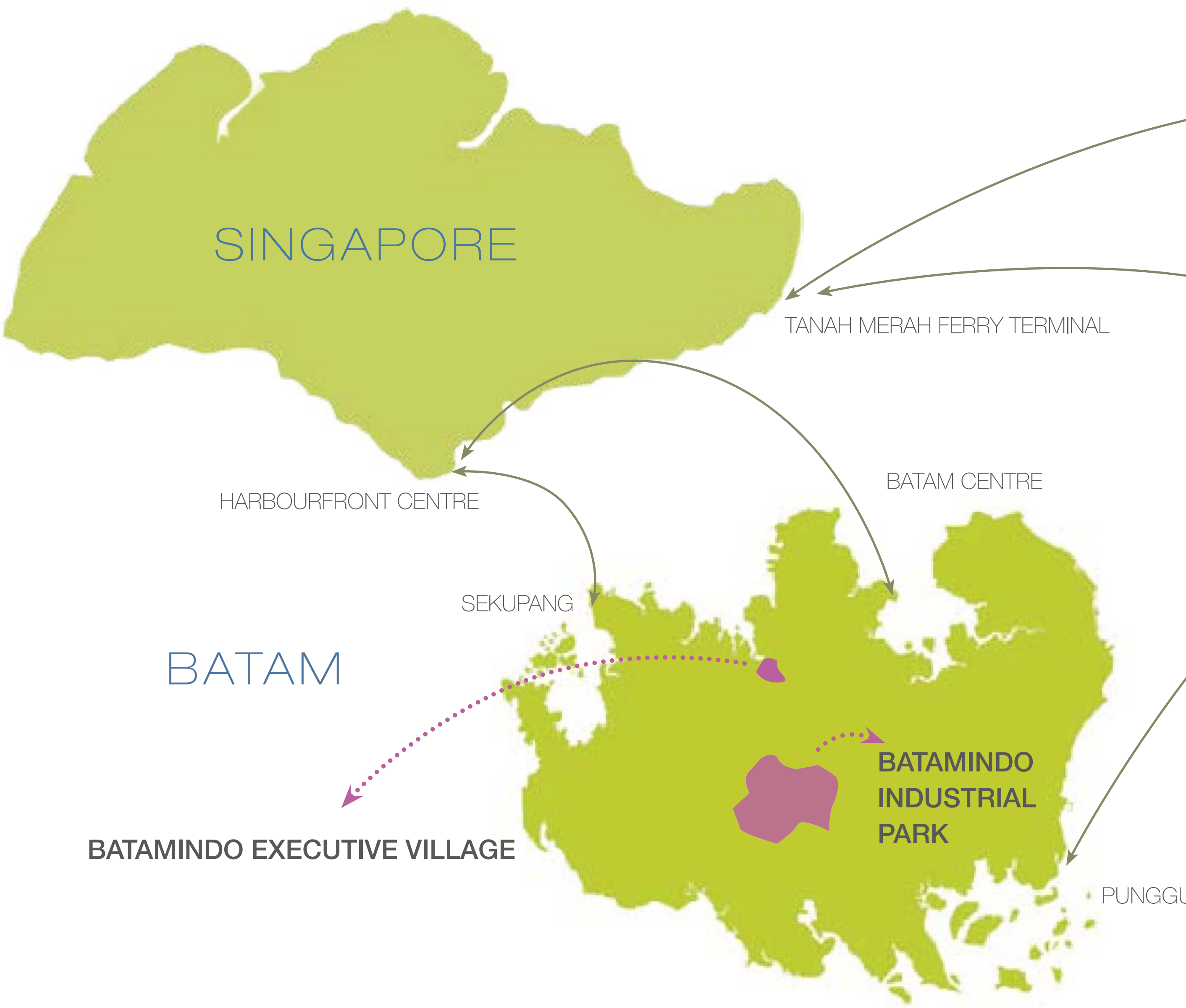


Percentage of revenue contribution

5.9%

We own approximately 18,000 hectares of land and act as master planner for industrial park and resort development opportunities. Our land bank is earmarked for sale and for resort, industrial, commercial and residential development.

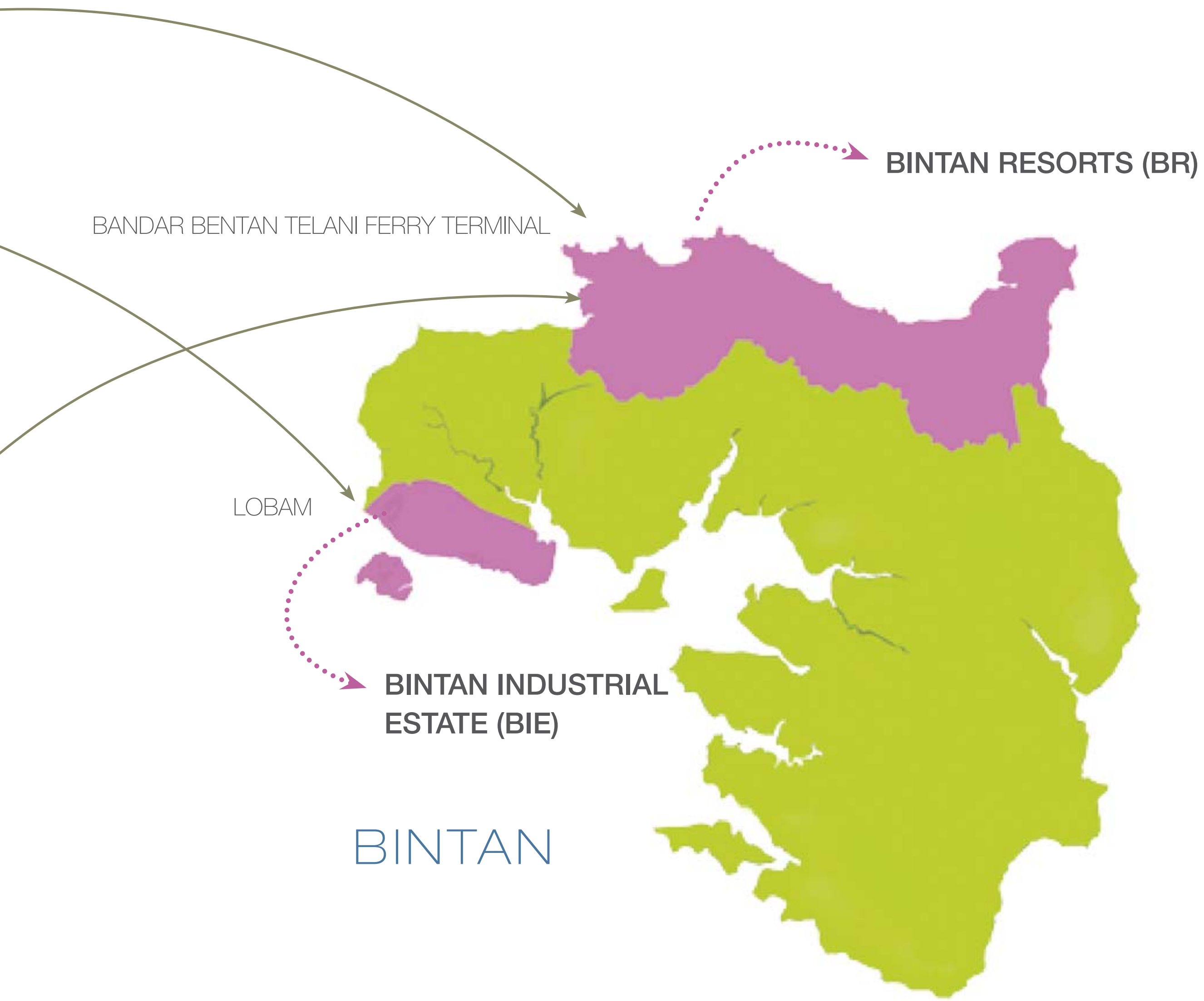
Integrity, innovation and commitment to excellence form the core of our Group's corporate proposition



Situated in the strategic areas of Batam and Bintan, our developments have been increasingly gaining ground as the ideal option for investors seeking increased accessibility for their operations and a rich repository of human resources. Not only are we located in lands replete in resources, our operations are also able to capitalize on their strategic proximity to Singapore from where we can expect a steady influx of business opportunities to flow.

We adopt a comprehensive solution-based approach to our development projects, with a focus on four key business lines – utilities, industrial parks, resort operations and property development. Complementary to each other, our business segments ensure safe, self-sufficient communities for multiple purposes. Through creating first-rate environments and pairing them with the best tenants and services, we seek to elevate industry standards, offering only total solutions for commerce and leisure.

With our headquarters strategically located in Singapore, we are able to capitalize on the country's dependable business landscape, its good infrastructure and robust legal system to complement our dynamic mix of business strategy, transparent investor relations and good corporate governance.



Utilities

We are committed to providing a comprehensive and reliable network of infrastructure and utilities systems for our tenants

As a premier land developer in Batam and Bintan, we focus on providing comprehensive solutions in all our developments. In keeping with this thrust, a number of our Group's subsidiaries have been providing utilities systems to tenant businesses and communities in these islands.

The Power to Deliver

Gallant Venture owns power generation systems in Batam and Bintan. These systems which have a total capacity of 160 megawatts have been built to provide electricity and handle any potential surge in electricity consumption in the production facilities and commercial establishments. Tenant communities are assured of uninterrupted power supply round-the-clock, generated by 19 dual fuel-fired generators for the Batamindo Industrial Park, four diesel-fired generators for the Bintan Industrial Estate, and four diesel-fired generators for Bintan Resorts.

To ensure that electricity supply is not affected in the event of interruption of fuel supply, a reserve supply of fuel which is sufficient for the generation of electricity to last 15 to 60 days is maintained in all the developments.

In addition to 24-hour security in all power supply sites, regular facility inspections are conducted to ensure the smooth and proper operations of all systems.

Fully Energized.

Tenant businesses and establishments in Gallant Venture's developments are assured of round-the-clock, uninterrupted power supply.

Strength in Consistency.

All our utilities systems are rigorously 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.

Utilities

Gallant Venture is a private provider of utilities in Batam and Bintan, supplying electricity, telecommunications, water and waste management services to our industrial parks and Bintan Resorts

Safe, Constant Water Flow

In Batam and Bintan, Gallant Venture's properties are supplied with water treated either from the Group's private water treatment facilities or from third parties.

These treatment plants which have a daily capacity of 27,000 cubic metres are certified by local and international authorities, ensuring that treated water supplied to the communities is suitable for human consumption.

Getting Connected

To enable tenants in our industrial parks and resort operations stay connected, Gallant Venture provides a comprehensive network of 14,000 lines for broadband, IDD, fax, local and dedicated lease lines through its subsidiary, PT Batam Bintan Telekomunikasi. A 100-metre high microwave tower has been constructed to supplement the locality's optical fibre networks.

Managing Waste Products

As part of our commitment to ecologically-sound business practices, all developments by Gallant Venture are provided with well-designed waste management systems such as sewage and wastewater treatment facilities, as well as sanitary landfills. Waste treatment processes in such facilities are subject to continuous monitoring and improvement for greater efficacy.

Industrial Parks

Reliable, customised and environmentally-conscious production facilities in the strategically located islands of Batam and Bintan

The need for efficiency, productivity and reliability are among the key concerns for the manufacturing industry. For nearly 20 years, Gallant Venture's industrial parks in Batam and Bintan have been meeting these needs, combining ideal location, reliable infrastructure and a comprehensive utilities system, to help tenant corporations achieve optimal productivity and deliver their goods on time.

The fruition of an economic cooperation between the governments of Indonesia and Singapore, the Batamindo Industrial Parks (BIP) in Batam and the Bintan Industrial Estate (BIE) in Bintan were developed to meet the needs of multinational companies and investors looking for a competitively-priced environment that would fulfill the rigorous requirements of their enterprises.

With a mix of tenants comprising businesses in the semi-conductor, electronics, precision engineering, pharmaceuticals and resource-intensive light industries, Gallant Venture's industrial parks offer investors a comprehensive range of services such as integrated supply chain, a large manpower pool, as well as access to world markets via Singapore's excellent transport and logistics infrastructure.

Offering Turnkey Solutions

Our industrial park in the nucleus of Batam's business district, the Batamindo Industrial Park, is a 320-hectare development run by PT Batamindo Investment Cakrawala since the early 1990s. Today, it is home to 72 multinational and five local companies in the electronics and semi-conductor industries, pharmaceuticals as well as support industries such as the plastics and packaging businesses.

Maximum Efficiency

Our industrial parks offer comprehensive solutions that complement businesses in various industries.

All-in-One. *We provide our tenant businesses with complete services in five key areas: 1) operations set-up, 2) security/fire safety/estate maintenance, 3) human resources, 4) immigration & licensing, and 5) logistics.*

Industrial Parks

Gallant Venture's industrial parks offer excellent logistics and efficient trade channels for businesses

The Batamindo Industrial Park (BIP) is one of the leading one-stop service providers with a net lettable area of 430,387 square metres for manufacturing businesses in Batam. Apart from its proximity to the regional commercial hub of Singapore, the industrial park provides complete solutions ranging from factory set-up to manpower recruitment to workforce recreation.

At Bintan, our subsidiary PT Bintan Inti Industrial Estate (PT BIIE) operates the Bintan Industrial Estate (BIE), which occupies a net lettable area of 106,264 square metres. It houses different types of factory sizes for various production requirements such as terrace factories, semi-detached factories, detached factories and custom-built factories.

The BIE also offers exclusive port facilities that are owned and operated by PT BIIE, thus offering greater control over the cost of importing raw materials and exporting of semi-finished goods. Among the other features of the port facilities include the International Port of Call status, an integrated ferry terminal with a custom clearance office, and a cargo handling capacity of approximately 180,000 tonnes per year.

To ensure the safety and well-being of our tenants and their facilities, our industrial parks are equipped with 24-hour security services. Fire protection measures are also in place to guard against any emergencies while a comprehensive range of medical services is also provided to complete the spectrum of support services.

Comprehensive Utilities Support

Apart from developing and building customized production facilities, Gallant Venture's industrial parks in Batam and Bintan offer a well-developed infrastructure to support business tenants through the supply of electricity, water and telecommunications via privately-owned and internally-operated utilities systems.

Electricity comes from an uninterruptible power source to ensure continuous production cycles among manufacturers and to keep equipment from damage or malfunction.

Our parks' water supply has been carefully maintained to meet the World Health Organization's standards, and is suitable for direct consumption from the tap. In addition, our two industrial parks also boast world-class wastewater treatment plant systems which are able to treat wastes discharged by our tenant businesses. These systems enable our tenant corporations to obtain the ISO 14000 certification for environmental management—a requirement for enterprises to enter the various European, Japanese and North American markets.

In keeping with Gallant Venture's corporate thrust to preserve the environment, air and water pollution levels are kept to a minimum as tests on the parks' atmospheric integrity are carried out on a regular basis.

Provision for direct and clear long-distance communications is also made through high-speed broadband internet connection and a host of local cellular telecommunication providers to ensure that tenants remain connected to their counterparts worldwide.

Prime Living for Executives

Merging the conveniences of modernity with the peace and quiet of countryside living, Gallant Venture operates mid- to high-end housing developments for local and expatriate executives working in our industrial parks. Private villas, condominium apartments and chalets have been built within upscale communities near the industrial parks to allow for greater work-life balance.

SouthLinks Country Club

Providing another avenue for rest and recreation is the SouthLinks Country Club in Batam. This 21-hectare, S$110 million development situated in the prime area of Batam houses a world-class golf course, food and beverage outlets, spas as well as accommodation for guests.

The 18-hole golf course is designed by Hisamitsu Ohnishi, one of Japan's leading golf course designers,

Industrial Parks

Providing tenants and staff with a complete range of recreational and lifestyle amenities

whose previous works include the Cypress Golf Club and the Takamaki Country Club in Japan.

SouthLinks Country Club members and guests can also enjoy authentic Japanese cuisine at the Minami restaurant while the Golfers' Terrace offers a wide variety of drinks and finger food. Those seeking to unwind further can also enjoy a traditional Japanese *ofuro* (hot bath) or a pampering session at the Bali Spa.

Complete Amenities for Workers

The staff in our production facilities—most of whom are centrally sourced through an internal affiliate agency—are also provided with complete amenities such as dormitories, 24-hour medical centres, markets, banks as well as places of worship. A round-the-clock security and fire safety service; and factory maintenance services complete the slate of amenities for both businesses and workers.

Industrial Parks of the Future

In Bintan, Gallant Venture has approximately 3,800 hectares of land earmarked for industrial, commercial and residential developments. Ideal for resource-intensive businesses, Gallant Venture's industrial parks are constantly upgraded to meet the evolving needs of our tenant businesses. In Batam, plans are in the pipeline for the conversion of dormitories into production facilities to accommodate the growing

demand for our facilities. In addition to improving our general infrastructure, new power generators will be installed to supply adequate power to the parks' growing number of tenants.

With their strategic location offering easy access to a wide domestic labour pool and Singapore's business hub and infrastructure, our industrial parks provide the perfect option for businesses seeking to enhance their competitive edge.

The SouthLinks Country Club is a 45-minute ferry ride from the Harbourfront Centre in Singapore.

Resort Operations

Located on the northern tip of Bintan island and less than an hour by ferry from Singapore, Bintan Resorts is a tropical beach destination offering world-class resorts and award-winning golf courses set against lush tropical scenery and white pristine beaches

Considered by many to be a destination with tremendous potential for resort and tourism developments, Gallant Venture's Bintan Resorts has long been a popular destination for Singapore and international visitors alike.

Bintan Resorts' close proximity to Singapore gives it the unique opportunity to tap on the more than 9 million visitors who come to Singapore annually by providing these visitors with a two-in-one destination in a single holiday – twinning the city sights and sounds of Singapore with the tropical charms of a beach resort. This number is expected to reach 17 million by 2015 according to projections by the Singapore Tourism Board.

At the same time, its easy access makes it an ideal choice for time-strapped city dwellers in Singapore seeking a quick respite from the urban life.

Home to brand name resorts

Bintan Resorts' current developed site spans over 3,000 hectares of land on the northern coast of Bintan. Boasting unspoilt beaches and clear aquamarine waters, Bintan Resorts is currently home to ten resorts and four designer golf courses including internationally renowned brands such as Banyan Tree and Club Med, all of which are supported by utilities and infrastructure owned and operated by Gallant Venture. The newest addition to these is The Ritz Carlton Bintan which is slated to begin operations in 2010.

Getting There.

Bintan Resorts is a 55-minute catamaran ride from the Tanah Merah Ferry Terminal in Singapore. From Batam, it is a 35-minute ferry ride from the Telaga Punggur Ferry Terminal.

In The Lap of Luxury.

Overlooking some of the best views in Bintan, the Indra Maya range of villas brings luxury to new heights with their private pools, gorgeous architecture, exquisite design and superb surroundings.

Resort Operations

Tee off from some of the most beautiful golf courses in Asia at Bintan Resorts

Bintan Resorts' slate of resort properties has been carefully selected to cater to different preferences and tastes, providing guests with a wide range of accommodation options ranging from luxurious private villas to charming beach chalets to family-friendly hotels.

Golfing Haven

Bintan Resorts has long been a favourite with golf aficionados with its gorgeous natural scenery making the perfect backdrop for breath-taking golf courses. Golfers can tee off from four designer golf courses, designed by luminaries such as Gary Player, Greg Norman, Ian-Baker Finch and Jack Nicklaus. The Ria Bintan Gary Player golf course has been rated the best golf course in Indonesia and among Asia's top three golf courses.

Wide Range of Recreational Activities

In addition to golfing, Bintan Resorts offers an impressive selection of water sports, beachfront swimming pools, revitalising spas, and everything that makes a vacation in the tropics indelible in vacationers' memories. For those seeking a heightened adrenalin rush, more thrilling activities such as All-Terrain Vehicles (ATV) rides, go-kart racing and jungle treks are also available while those seeking a closer encounter with nature can explore the rich ecological treasures of Bintan from a myriad of ecological and cultural tours, including the unique and award-winning mangrove forest tour.

Modern Infrastructure and Amenities

Recognising the need for a seamless and reliable infrastructure to enhance the holiday experience for its guests, Bintan Resorts has put in place a comprehensive support system starting from the point of arrival.

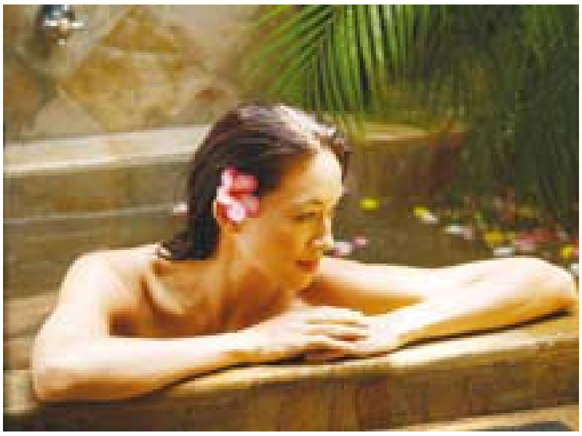
Its subsidiary, Bintan Resort Ferries, operates three catamaran ferries that run on well-timed and fixed schedules daily between the Tanah Merah Ferry Terminal in Singapore and the Bandar Bentan Telani Ferry Terminal in Bintan island.

Three air-conditioned catamarans ferry a total of approximately 333,000 passengers annually across the South China Sea - the 306-seater Indera Bupala, the 270-seater Aria Bupala, and the 280-seater Arung Mendara, which offers an exclusive private cabin called Ocean Plus.

Resort Operations

Miles of gorgeous white beaches, enchanting turquoise waters and swaying palms set the stage for a perfect tropical resort holiday

Gallant Venture also operates an in-house travel agency which provides tour packages and promotions for retail clients, wholesale travel packages for travel agencies, and air- and ferry-ticketing services. This one-stop travel agency also conducts eco-tourism classes and tours to promote the island.



Looking Ahead

In 2007, Gallant Venture ordered two new ferries to further improve the ride comfort and reduce the traveling time for visitors to Bintan Resorts. Plans are also underway for the development of a new international airport in Bintan to enhance and improve connectivity to regional cities.

Poised for Growth

With its unique blend of modern and comfortable amenities set within an idyllic resort setting, Bintan Resorts is well-poised to tap on the global demand for top quality resort products and services. Added to these, the establishment of the Special Economic Zone in Bintan, Batam and Karimum by the governments of Indonesia and Singapore in 2007 is expected to provide a further stimulus to the growth of tourism and leisure in Bintan.

Property Development

Providing opportunities to capitalize on Asia's growing presence in the international arena

One of the cornerstones of our business, our Property Development arm is centered on the transformation of land into world-class properties for sale and investment through strategic master planning backed by sound infrastructure and support facilities. Our Property Development arm has extensive experience in land development, operations, infrastructure development and management having been the developer, master planner and operator of Bintan Resorts which spans approximately 18,000 hectares or about one-third the size of Singapore. Following its success in industrial park and resort development, Gallant Venture has earmarked approximately 14,000 hectares of the northern shore of Bintan Resorts, Lagoi Bay for an integrated resort development for commercial, residential, retail, resort and recreational use. Approximately 3,800 hectares of the southern part of the land has also been earmarked for industrial, commercial and residential developments.

The Lagoi Bay development is designed to complete and complement the continuum of resort facilities in Bintan Resorts. The development has been carefully planned to enhance the land's natural features and ensure the preservation of the environment and aesthetically important areas.

Top Rate.

Boasting some of the best beaches in Bintan, the Lagoi Bay development has been carefully designed to complete and complement the continuum of resort facilities in Bintan Resorts.

Remarkable Development.

The Lagoi Bay development features opportunities for investment in international-class resorts, residential, shopping, entertainment, marina, golf and sea sports facilities.

Property Development

Strategically positioned to become the heartbeat of Bintan's tourism development, Lagoi Bay is expected to attract a steady influx of investors and visitors from different parts of the world

The Lagoi Bay development is approximately 1,300 hectares in size and a 15-minute drive from the international ferry terminal in Bintan Resorts. Currently, there are seven prime beachfront sites, a large village centre site, resort residential sites and a marina, all of which nestle within the area's immaculate natural spots. These are targeted to be developed in the next few years. All sites have close proximity to the beach and will also be fully served by power, potable water, telecommunications, sewer lines and solid waste collection.

Artist's Impression

Prime Waterfront Living

Apart from land parcels for resort and commercial use, Lagoi Bay's masterplan also features prime land for private residential use. Nestled among some of the best views in Lagoi Bay, these plots are available for sale and investment for those seeking to have their second or holiday home in an idyllic environment that is at the same time, highly accessible from Singapore and only a 55-minute ferry ride away.

Artist's Impression

Bay of Tomorrow

The Lagoi Bay development is planned to break ground in 2008. Backed by an experienced team of architects, master planners and investors, the Lagoi Bay development provides an excellent platform for investors seeking to tap into the growing resort market in Asia.

Partnering the community in growth and development

At Gallant Venture, we believe that it is important to contribute to the communities in which we operate. To this end, our community development efforts have been aimed at encouraging and supporting a series of initiatives designed to enable the communities to flourish and grow. We are committed to elevating the standard of living and preserving the resources in the communities we live in.

Education

We have been giving scholarship for local students in primary schools to continue their education as well as providing school supplies, books and school uniforms. Since we started our Education Assistance Programme, we have sponsored more than 4,307 bursaries and scholarships for students from needy families as well as bright and promising students.

English courses are also conducted to help the local communities to master the language of commerce and to adapt to the increasingly globalised world, thereby equipping them with the language skills to work in the various multi-national corporations in our industrial parks and other areas.

Religious Initiatives

We contribute items such as rice, instant noodles and goats for religious rites to mosques as well as to churches in Batam and Bintan. We also organize the breaking of fasts and prayer sessions for our staff, the community and representatives of the local authority during the Islamic fasting month.

Health

We provide access to medical care for the members of the local communities. These facilities are upgraded regularly to better address the health needs of the members of our communities. Residents within the vicinity of our facilities are also provided with regular medical and dental services.

Sustainable Development

We want to cultivate a positive environment that is ideal for both personal and commercial growth. Preserving the integrity of Batam's and Bintan's natural landscape and environment remains a key consideration in our land development and master planning. We take rigorous steps to ensure that our business practices adhere to and promote sustainable development, particularly in the areas of power efficiency, water conservation, waste management, and caring for the environment. Our utilities systems are also accredited by local and international environment regulatory organizations, and are regularly monitored to ensure that potential hazards to the environment are minimized or avoided.

LETTER TO SHAREHOLDERS

"... our balance sheet is extremely strong, and ready for us to invest in our growth businesses."

Dear fellow shareholders,

We believe that you have always recognized that one of our key strengths is the balance between our mature Utilities and Industrial Parks businesses, and the high growth prospects in our Property Development business. The impressive cash flow from our mature businesses (2007 EBITDA of approximately S$87 million) has allowed us to not only continue to invest in our high growth business, but also reduce our total borrowings on our balance sheet from S$142 million in 2006 to S$99 million in 2007. With assets of over S$1.47 billion (including cash of almost S$85 million) our balance sheet is extremely strong, and ready for us to invest in our growth businesses. We are now deploying some of this cash flow in four important areas.

Firstly, we have spent over S$55 million over the last two years upgrading the power generation part of our Utilities business by converting our Batam generators to natural gas and our Bintan generators to Heavy Fuel Oil (HFO). These conversions will reduce our cost of production of electricity. We will also continue to invest in this business on the back of significantly increasing demand in Bintan. Plans for our new 100 MW power plant are being finalized, and we hope to break ground in 2008, with expenditure coming in two distinct phases mirroring the demand growth profile from our Bintan Resorts and Bintan Industrial Park projects.

Secondly, we have ordered S$32 million of new higher speed ferries, again to complement our increasing developments in Bintan. These new ferries, which will be delivered in the first half of 2009, will significantly improve the passenger experience, firstly by using the latest active stabilizer technologies together with longer waterline length to improve the ride during inclement weather, and secondly with a new, two cabin/two class layout, offering a premium experience to our increasingly demanding customers even during a significantly shorter journey time. There are a number of other initiatives which will be implemented during the course of 2008 to further enhance the passenger experience.

Thirdly, we will continue to make significant investments in the infrastructure in our Lagoi Bay Development, centered on the picturesque 5km long Lagoi Bay beach. We have already built over 10km of new construction and access roads through the site, and the first stage of infrastructure works for the first large-scale residential project has been substantially completed. Major earthworks on the preparations for the town centre, the 1km shopping precinct and the new lake side housing will commence shortly. New water, power, telecommunications and sewage lines will be progressively brought into the site over the next 18 months. All these will complement the beautiful white sandy beach and clean blue waters of the South China Sea which have always been the main selling point of the Lagoi Bay Development.

Last, but not least, we expect that the final plans for our new airport in Bintan will be approved in the first half of 2008, and we hope that we can break ground on this exciting new project by the end of 2008. As this will be a relatively small airport, we expect this facility to complement the long-haul capabilities of Singapore's Changi airport, allowing domestic and some regional tourists to fly directly into Bintan to enjoy all the natural beauty that our unspoilt coast line has to offer.

To further acquaint you with some of our businesses, we thought we would share a few other interesting statistics of parts of our businesses which you may not know well:

- Last year, our Utilities business produced and billed about 665 million KWH of power
- Our Industrial Parks have 444,955 square metres or about 4.4 million square feet of industrial space currently rented out
- Our dormitory and executive accommodation business houses around 60,000 people
- Our ferries transported over 333,000 visitors to Bintan last year
- Our fastest growing markets for visitors to Bintan were China (+78.9%), India (+62.1%) and Russia (+58.6%)

As many of you have not yet visited some of our facilities, we have included together with this annual report vouchers redeemable for a ferry ticket to Bintan and for a discounted round of golf at our highly rated Southlinks golf course in Batam. Please make use of these vouchers to get to understand our company even better. During 2007 we celebrated our first year as a publicly listed company. We would like to thank all of our shareholders for supporting us and hope that we can prosper together in 2008 and for many more years into the future.

Mr Lim Hock San
Non-Executive Chairman
Independent Director

Mr Eugene Park
Chief Executive Officer
Executive Director

CORPORATE STRUCTURE

GALLANT VENTURE

Subsidiaries

- PT Batamindo Investment Cakrawala (100%)
- PT Batamindo Executive Village (60%)
- PT Batam Bintan Telekomunikasi (95%)
- PT Bintan Inti Industrial Estate (100%)
- PT Bintan Resort Cakrawala (86.77%)
- Bintan Resort Ferries Pte. Ltd. (90.74%)
- BRF Holidays Pte. Ltd. (90.74%)
- PT Buana Megawisatama (100% less 1 share)
- PT Surya Bangunpertiwi (100% less 1 share)
- PT Suakajaya Indowahana (100%)
- Batamindo Investments (S) Ltd. (100%)
- Verizon Resorts Limited (100%)
- Golf View Limited (100%)

Associated Companies

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

FINANCIAL HIGHLIGHTS

	ACTUAL FY 2007	ACTUAL FY 2006*	PROFORMA FY 2006*
Income Statement			
(in S$ million)			
Revenues	234.3	176.6	259.0
Earnings Before Interest,Tax, Depreciation and Amortisation (EBITDA)	86.6	76.8	94.4
Earnings Before Interest and Tax (EBIT)	28.8	43.3	40.4
Earnings After Tax Attributable to Shareholders	14.7	29.0	21.1
Segmental revenue			
(in S$ million)			
Utilities	137.2	99.6	154.5
Industrial Parks	56.7	40.9	61.2
Resorts	26.5	16.2	23.3
Property Developments	13.9	19.9	19.9
EBITDA by segment			
(in S$ million)			
Utilities	44.5	27.4	45.5
Industrial Parks	41.1	23.9	38.5
Resorts	(0.1)	(0.8)	(0.3)
Property Developments	5.5	17.9	12.9
Corporate	(4.4)	8.4	(2.2)
Balance Sheet			
(in S$ million)			
Cash and Cash Equivalents (include restricted cash)	84.9	67.8	67.8
Investment Properties	317.6	336.9	336.9
Land and Other Inventories	557.0	563.7	563.7
Trade Receivables	62.1	71.9	71.9
Total Assets	1,477.7	1,501.2	1,501.2
Total Borrowings	99.3	142.6	142.6
Shareholders' Equity	1,246.2	1,230.4	1,230.4
Cash Flow			
(in $'000)			
Net Cash generated from Operating Activities	91.2	14.7	14.7
Net Cash used in Investing Activities	(30.7)	(213.6)	(213.6)
Net Cash (used in)/generated from Financing Activities	(45.7)	265.6	265.6
Net increase in Cash and Cash equivalents	14.8	66.7	66.7
Consolidated Capital Expenditures (In S$ million)	30.7	20.8	53.4
Financial Ratios			
Current Ratio	5.96	6.25	6.25
Debt-to-Equity Ratio (Gross Debt)	0.08	0.12	0.12
Debt-to-Equity Ratio (Net Debt)	0.01	0.06	0.06
EBITDA Margin	37.0%	43.5%	36.4%
Return on Equity	1.2%	2.4%	1.7%
Return on Assets	1.0%	1.9%	1.4%
Stock Information			
(in S$ except as indicated)			
Stock Price - Year-end	0.975	0.985	0.985
Market Capitalization as at 31 December (S$' billion)	2.352	2.376	2.376
NAV per Share (cents)	51.66	51.05	51.05
Earnings per Share - basic and diluted (cents)	0.61	1.20	0.88

** The Group's Actual results for FY2006 comprised the performance of the Group for 8 months ending 31 December 2006. For illustrative purposes, the Group's Proforma full year results for FY2006 was prepared based on assumption that our Group structure arising from the restructuring exercise as described in our Prospectus dated 28 April 2006 had been in place since 1 January 2006.*

OPERATIONS REVIEW

Lagoi Bay - Artist's Impression

In 2007, Gallant Venture continued to focus on strengthening our business and positioning ourselves for long-term and sustained growth. Our performance in 2007 was driven by our focus on resort land development and sustaining growth in our industrial parks and utilities businesses.

For the Financial Year 2007 (FY2007), the Group reported a revenue of S$234.3 million from our four lines of business. The Utilities division was the highest contributor, generating a revenue of S$137.2 million followed by the Industrial Parks division which accounted for S$56.7 million of our total revenue. The Resort Operations and Property Development divisions contributed S$26.5 million and S$13.9 million respectively.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for our Group for FY2007 was strong at S$86.6 million as a result of the good performance of our utilities and industrial parks businesses which contributed S$44.5 million and S$41.1 million respectively.

However, due to lower contributions from land sales, absence of one-time exceptional gain which were partially offset by lower operating costs and taxation, our net profit reported was S$14.7 million compared to 2006's eight months net profit of S$29.0 million.

As at 31 December 2007, the Group's total assets amounted to S$1.5 billion which includes cash and cash equivalent of S$84.9 million while borrowings totalled S$99.3 million, representing net gearing of S$14.4 million. Net Cash generated during the period under review was S$14.8 million, contributing to the cash balance of S$84.9 million. The cash and cash equivalent include S$3.3 million in the form of restricted cash.

Basic and diluted Earning per Share (EPS) during this period was 0.61 cents. Our Net Asset Value (NAV) per share as at end of FY2007 was 51.7 cents.

The total capital expenditure for the year amounted to S$30.7 million, due mainly to investments in power plants in Batam and Bintan and developments works at Lagoi Bay in Bintan. These capital expenditures were undertaken to sharpen our competitive advantage and enhance the value of our product offering, that is, a premium resort development with world-class infrastructure.

Utilities

The division reported a turnover of S$137.2 million for FY2007, contributing a before-interest-and-tax earnings (EBIT) of S$24.3 million.

The escalating prices of oil and commodities over the past year resulted in higher power generation cost for the Group. To diversify the Group's energy risks, we undertook extensive investments in our power plant assets. In 2007, PT Batamindo Investment Cakrawala (PT BIC) completed the conversion of 16 diesel engines to gas-fired engines and installed three new gas-fired generators.

PT Bintan Inti Industrial Estate (PT BIIE) and PT Bintan Resort Cakrawala (PT BRC) have both completed the conversion of four engines from light fuel generators to heavy fuel generators. These initiatives have reduced electricity production costs and have proven to be beneficial in reducing tariffs to our tenants and investors.

Industrial Parks

A revenue of S$56.7 million was recorded for FY2007, accounting for a before-tax-and-interest profit (EBIT) of S$11.4 million. Collectively, our industrial parks in Batam and Bintan registered healthy take-up rates of 82% despite facing stiff competition from both local and regional industrial parks.

A glut of factory space in both Batam and Bintan as well as in industrial parks in the region exerted strong pressure on rental rates. Nonetheless, for FY2007, the number of new signings and expansion in Batamindo Industrial Park outnumbered the reductions. This was possible due to our commitment to tenants and our continuous efforts to improve our park services. Regular dialogue sessions with our customers also played a part in ensuring tenant loyalty and customer satisfaction.

Resort Operations

The division currently supports four resort tenants and nine hotels in Bintan, housing approximately 1,350 rooms. As it has not achieved economy of scale for its support services, the division registered a net before-interest-and-tax loss of S$7.0 million with a turnover of S$26.5 million.

Bintan Resorts continued to benefit from the rapidly-growing Asian market.

In 2007, there were approximately 333,000 visitors to Bintan Resorts of which visitors from Singapore formed the single largest arrival market with a 31.8% market share. We enjoyed healthy arrival numbers from emergent markets in the other parts of Asia such as China, India, and Russia. We also saw growing number of visitors from the UK and Australia.

The Group has decided on investments of two 38-knots new generation ferries which will be operational by the first half of 2009. The new investments will reduce traveling time, improve ride comfort and cater to the demand of growing number of visitors to Bintan Resorts

Property Development

The division's revenue was S$13.9 million mainly due to the sale of 139 hectares of land to PT Pelangi Bintan Indah in 2007. Before recognizing the interest and tax for FY2006, the division's earnings before-interest-and-tax for FY2007 amounted to S$4.6 million.

We have started to execute the master plan at Lagoi Bay, a 1,300-hectare plot of prime land in Bintan Resorts. The Lagoi Bay development comprises land parcels of varying sizes for resort, commercial, and residential use. The Lagoi Bay development features opportunities for investment in world-class resorts, residential, entertainment, marina, golf and sea sports facilities.

Outlook

The rapidly changing global environment and volatility in global financial markets will make for a challenging year ahead. However, the Group will continue to leverage on opportunities to further strengthen its businesses and launch strategic growth initiatives.

To further mitigate the risk of escalating electricity generation cost, the Group has embarked on an investment in a coal-fired power plant. The project will be located in Bintan island and preliminary work in soil investigation and hydro-analysis has started. We will continue to explore alternatives to traditional power generation methods.

The Lagoi Bay development which was launched in 2007 is expected to break ground in early 2008. Currently launched in phases, the Lagoi Bay development is also expected to be fully developed in a few years time. While the existing uncertainty in the financial markets is expected to impact on investor sentiment in the near term, we remain confident that Lagoi Bay's compelling proposition will make it a strong investment destination for Asia.

Plans are in the pipeline to further enhance the investor environment in Bintan Resorts with strategic initiatives to improve accessibility such as new ferries and an international tourist airport as well as new resort launches.

The numerous new and exciting developments and growth in the Singapore tourism markets and economy are expected to provide a further boost to Bintan Resort's arrivals as a result of our strategic marketing thrust with Singapore as a twin destination for international visitors.

Going forward, while 2008 looks to be a challenging year ahead, we are confident that the initiatives that we have put in place will serve us well and we remain committed to enhancing value for all our stakeholders and setting a new benchmark for regional development.

The Group is helmed by a Board which is comprised of respected and seasoned business and corporate leaders, with vast experience in the private and public sectors, across a variety of industries

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

BOARD OF DIRECTORS

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 directorships 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 Industrial Parks (formerly known as SembCorp Parks Holdings). She is responsible for spearheading Sembcorp's industrial park 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's Scholar, she holds a Master of Business Administration (High Distinction) from the Catholic University of Leuven, Belgium; a Bachelor of Engineering (Distinction) from the University of Alberta, Canada and attended Harvard University's Advanced Management Program.

BOARD OF DIRECTORS

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. 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., (now known as Sembcorp Industrial Parks Ltd.) Assistant Vice-President of Finance at Sembcorp Industries and Accounts Manager with Singapore Precision Industries Pte. Ltd.

KEY MANAGEMENT

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.

KEY MANAGEMENT

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 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 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 two 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.

CORPORATE INFORMATION

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

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
371 Beach Road
#13-08/09 KeyPoint
Singapore 199597

COMPANY REGISTRATION NUMBER
200303179Z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GALLANT VENTURE

Annual Report 2007

CONTENTS

STATEMENT OF CORPORATE GOVERNANCE

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

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the 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 2007: -

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

The Nominating Committee held a meeting in January 2008 to recommend to the Board the re-election of Directors for the financial year ended 31 December 2007.

While the Board considers Directors' attendance at Board meetings to be important, it should not be the only criterion 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 consists of seven Directors, three of whom 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 pages 12 and 13 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:

- Chairing 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 is in 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") was constituted on 31 October 2006 and 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
- Mr Foo Ko Hing
- BG (Ret) Chin Chow Yoon

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

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

(a) To 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") was constituted on 31 October 2006 and 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 functions under the terms of reference which sets out its responsibilities:

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

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

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

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' fee, 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.

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

Disclosure on Remuneration

Principle 9: Each company should provide 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 2007 are as follows:

	Number of Directors	
	2007	**2006**
$500,000 and above	**–**	–
$250,000 to $499,999	**3**	–
Below $249,999	**4**	7
Total	**7**	**7**

The summary compensation table for the Directors and top five key executives of the Group for the financial year ended 31 December 2007 is set out below:

	Salary	**Bonus**	**Directors' Fee**	**Allowances and Other Benefits**	**Total Compensation**
Directors	**%**	**%**	**%**	**%**	**%**
$250,000 to $499,999					
Eugene Cho Park Executive Director and Chief Executive Officer	64	29	7	–	100
Gianto Gunara Executive Director	64	29	7	–	100
BG (Ret) Chin Chow Yoon Non-Executive Director	58	31	11	–	100
Below $250,000					
Lim Hock San Non-Executive Chairman and Independent Director	–	–	100	–	100
Low Sin Leng Non-Executive Director	–	–	100	–	100
Rivaie Rachman Independent Director	–	–	100	–	100
Foo Ko Hing Independent Director	–	–	100	–	100

Key Executives of the Group	Salary	Bonus	Directors' Fee	Allowances and Other Benefits	Total Compensation
	%	%	%	%	%
$250,000 to $499,999					
Choo Kok Kiong	66	30	–	4	100
Below $250,000					
Gunawan Adiwibowo	83	17	–	–	100
Malcolm Alphonso	68	22	–	10	100
Chow Yew Meng	71	24	–	5	100
Elfast Goh Eng Pheng	67	27	–	6	100
Kuharajahsingam s/o Karalasingam	80	20	–	–	100
Albel Singh	76	19	–	5	100
Johannes Sulistijawan Surjaatmadja	61	22	–	17	100
Wee Guan Yak	66	25	–	9	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 2007.

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. Save for Ms Low Sin Leng, the other AC members including the Chairman are Independent Directors. The AC comprises the following members:

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

Ms Low Sin Leng, a non-Executive Director, is currently employed by Sembcorp Industries Ltd, and is deemed not an Independent Director by virtue of the definition of "Independent Director" pursuant to Guideline 2.1 of the Code of Corporate Governance 2005 ("CCG"). It is, however, noted that the AC's composition of members is in compliance with Guideline 11.1 of the CCG.

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 auditors 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 auditors. The internal auditors reports directly to the Chairman of the Audit Committee on all internal audit matters.

The primary functions of internal audit are to help:-

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

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

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

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

COMMUNICATION WITH SHAREHOLDERS

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 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 AGMs to answer any questions relating to the work of these Committees. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

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

Dealing In Securities

The Company has in place a policy prohibiting share dealings by Directors and employees of the Company for the period of two weeks prior to the announcement of the Company's quarterly results or one month prior to the announcement of the Company's 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 2007 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	–	4,903
PT Herwido Rintis	–	304
Riau Infrastructure Management Services Pte Ltd	–	200
PT Tunas Karya Indowisata	–	452
Island Leisure International Pte Ltd	–	1,943
Bintan Resort Development Corporation Pte Ltd	–	112
PT Asuransi Central Asia Insurance Premium Claim received	–	335
SALES		
PT Alam Indah Bintan	–	(4,625)
PT Straits CM Village	–	(3,331)

Material Contracts

There were 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

for the year ended 31 December 2007

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 2007.

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)
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 1.1.2007	**As at 31.12.2007 and 21.1.2008**
The Company		
Eugene Cho Park	627,293,350	**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)
Foo Ko Hing (Independent Director)
Rivaie Rachman (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 2007 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 2007. 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

GIANTO GUNARA

Dated: 29 February 2008

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 2007 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

GIANTO GUNARA

Dated: 29 February 2008

INDEPENDENT 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 2007, which comprise the balance sheets of the Company and the Group as at 31 December 2007, 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 the provisions of the Singapore Companies Act, Cap. 50 (the "Act") 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 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 2007 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, 29 February 2008

BALANCE SHEETS

As at 31 December 2007

	Note	The Company 2007 $'000	The Company 2006 $'000	The Group 2007 $'000	The Group 2006 $'000
Assets					
Non-Current					
Intangible assets	4	**6**	14	**1,448**	126
Property, plant and equipment	5	**171**	194	**380,714**	388,567
Investment properties	6	**–**	–	**317,577**	336,940
Subsidiaries	7	**1,207,642**	1,205,212	**–**	–
Associated companies	8	**–**	–	**953**	1,155
Other investments	9	**–**	–	**–**	–
Deferred tax assets	10	**–**	–	**7,669**	5,493
Loan receivable	11	**–**	–	**62,046**	62,046
Other non-current assets	12	**–**	–	**3,366**	3,336
		1,207,819	1,205,420	**773,773**	797,663
Current					
Land inventories	13	**–**	–	**546,481**	551,011
Other inventories	14	**–**	–	**10,503**	12,732
Trade and other receivables	15	**88,211**	88,061	**62,067**	71,940
Restricted cash	16	**–**	–	**3,276**	908
Cash and cash equivalents	17	**1,747**	2,387	**81,639**	66,934
		89,958	90,448	**703,966**	703,525
Total assets		**1,297,777**	1,295,868	**1,477,739**	1,501,188
Equity and liabilities					
Share capital	18	**1,207,642**	1,205,212	**1,207,642**	1,205,212
Translation reserves		**–**	–	**(730)**	653
(Accumulated losses)/retained profits		**(16,635)**	(11,120)	**39,302**	24,582
Equity attributable to equity holders of the Company		**1,191,007**	1,194,092	**1,246,214**	1,230,447
Minority interests		**–**	–	**32,606**	32,891
Total equity		**1,191,007**	1,194,092	**1,278,820**	1,263,338
Liabilities					
Non-Current					
Deposits from tenants/golf membership	19	**–**	–	**36,045**	40,102
Employee benefits liabilities	20	**–**	–	**5,928**	5,049
Deferred tax liabilities	21	**–**	–	**557**	106
Loans and borrowings	22	**34,000**	66,000	**38,200**	80,020
		34,000	66,000	**80,730**	125,277
Current					
Trade and other payables	23	**3,224**	11,776	**48,192**	48,407
Current tax payable		**–**	–	**8,923**	1,585
Loans and borrowings	22	**69,546**	24,000	**61,074**	62,581
		72,770	35,776	**118,189**	112,573
Total liabilities		**106,770**	101,776	**198,919**	237,850
Total equity and liabilities		**1,297,777**	1,295,868	**1,477,739**	1,501,188

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 2007

	Note	**Year ended 31 December 2007 $'000**	Year ended 31 December 2006 $'000
Revenue	3	**234,304**	176,639
Cost of sales		**(162,744)**	(114,925)
Gross profit		**71,560**	61,714
Other income	24	**10,387**	20,635
General and administrative expenses		**(6,312)**	(4,456)
Other operating expenses	25	**(40,354)**	(30,123)
Share of associated company's profits/(losses)		**97**	(567)
Finance costs	26	**(5,673)**	(6,334)
Profit before taxation	27	**29,705**	40,869
Taxation	29	**(13,889)**	(11,026)
Profit after taxation		**15,816**	29,843
Attributable to:			
- Equity holders of the Company		**14,720**	29,026
- Minority interests		**1,096**	817
		15,816	29,843
Basic earnings per share (in cents)	30	**0.61**	2.06
Diluted earnings per share (in cents)	30	**0.61**	2.06

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 2007

	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 2006	*	–	(4,444)	(4,444)	–	(4,444)
Currency translation difference	–	653	–	653	266	919
Net income recognised directly in equity	–	653	–	653	266	919
Net profit for the year	–	–	29,026	29,026	817	29,843
Total recognised income and expense for the year	–	–	29,026	29,026	817	29,843
On acquisition of subsidiaries	961,322	–	–	961,322	31,808	993,130
Issue of shares	243,890	–	–	243,890	–	243,890
Balance at 31 December 2006	**1,205,212**	**653**	**24,582**	**1,230,447**	**32,891**	**1,263,338**
Currency translation difference	**–**	**(1,383)**	**–**	**(1,383)**	**(115)**	**(1,498)**
Net income recognised directly in equity	**–**	**(1,383)**	**–**	**(1,383)**	**(115)**	**(1,498)**
Net profit for the year	**–**	**–**	**14,720**	**14,720**	**1,096**	**15,816**
Total recognised income and expense for the year	**–**	**–**	**14,720**	**14,720**	**1,096**	**15,816**
On acquisition of subsidiary	**2,430**	**–**	**–**	**2,430**	**(1,266)**	**1,164**
Balance at 31 December 2007	**1,207,642**	**(730)**	**39,302**	**1,246,214**	**32,606**	**1,278,820**

* 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 2007

	Year ended 31 December 2007 $'000	Year ended 31 December 2006 $'000
Cash Flows from Operating Activities		
Profit before taxation	**29,705**	40,869
Adjustments for:		
Amortisation of intangible assets	**95**	79
Depreciation of property, plant and equipment and investment properties	**57,721**	33,490
Currency translation difference	**(1,478)**	971
Gain on disposal of investment property	**–**	(105)
Gain on disposal of property, plant and equipment	**(65)**	(14)
Share of associated company's (profits)/losses	**(97)**	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	**1,381**	1,092
Interest expense	**5,673**	6,334
Interest income	**(6,589)**	(3,931)
Operating profit before working capital changes	**86,346**	65,992
Decrease in land inventories	**4,530**	2,906
Decrease in other inventories	**2,229**	3,525
Decrease in operating receivables	**9,367**	129,166
Increase/(decrease) in operating payables	**16,006**	(173,018)
Cash generated from operating activities	**118,478**	28,571
Income tax paid	**(23,755)**	(11,343)
Employee benefits paid	**(215)**	(56)
Interest paid	**(6,362)**	(6,334)
Interest received	**4,613**	3,931
Deposits refunded to tenants/golf members	**(1,577)**	(97)
Net cash generated from operating activities	**91,182**	14,672
Cash Flows from Investing Activities		
Net outflow from acquisition of subsidiaries (Note A)	**–**	(192,375)
Acquisition of intangible assets	**(253)**	(108)
Acquisition of property, plant and equipment	**(26,660)**	(20,845)
Acquisition of investment properties	**(3,993)**	–
Dividend from associated company	**90**	78
Proceeds from sale of property, plant and equipment	**–**	90
Proceeds from disposal of property, plant and equipment	**114**	–
Proceeds from sale of investment property	**–**	163
Deposits paid	**(30)**	(586)
Net cash used in investing activities	**(30,732)**	(213,583)
Cash Flows from Financing Activities		
Proceeds from shares issued	**–**	243,890
Loan from a bank	**3,106**	22,466
Repayment of bank loan	**(46,406)**	(29,798)
(Increase)/decrease in fixed deposits pledged with a bank	**(2,368)**	29,035
Dividends paid to minority interests	**(77)**	–
Net cash (used in)/generated from financing activities	**(45,745)**	265,593
Increase in cash and cash equivalents	**14,705**	66,682
Cash and cash equivalents at beginning	**66,934**	252
Cash and cash equivalents at end (Note 17)	**81,639**	66,934

CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

for the year ended 31 December 2007

Note A

Acquisition of subsidiary/subsidiaries

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

	Year ended 31 December 2007 $'000	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	**1,266**	(31,808)
Net assets	**1,266**	1,218,572
Goodwill	**1,164**	–
Excess of fair value of assets and liabilities over purchase consideration	–	(13,360)
Total purchase consideration	**2,430**	1,205,212
Less:		
Purchase consideration satisfied by issue of shares	**2,430**	961,322
Cash and cash equivalents acquired	–	51,515
Net cash outflow from acquisition of subsidiaries	–	192,375

The book value of these assets and liabilities acquired from minority shareholders are not significantly different from the fair values.

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 2007 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.

The registered office and 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.

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 Accounting Standards Council. The financial statements have been prepared under the historical cost convention, unless 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 2007 amounted to $5,928,000.

Impairment of 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 impairment for doubtful debts as of 31 December 2007 amounted to $12,465,000.

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 2007 is $380,714,000. Changes in the expected level of usage could impact the economic useful lives of these assets, therefore future depreciation charges could be revised.

Impairment of goodwill

As at 31 December 2007, the carrying amount of goodwill is $1,164,000. The assessment of impairment of goodwill was determined based on the recoverable amount of the Group's cash-generating units ("CGU") according to business segments, in this case, property development segment. The recoverable amount of the CGU was based on value-in-use calculation. The key assumptions used are the budgeted sale of $130 million and gross margin contribution of 66% for the sale of land and infrastructure in Bintan Island by the Group. These assumptions were determined by management based on past performance and its future expectations of the market development and are subject to future uncertainty.

2(b) Interpretations and amendments to published standards effective in 2007

On 1 January 2007, 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 new or amended FRS and INT FRS that are relevant to the Group:

Amendments to FRS 1	Presentation of Financial Statements - Capital Disclosures
FRS 32	Financial Instruments: Presentation
FRS 107	Financial Instruments: Disclosures
INT FRS 110	Interim Financial Reporting and Impairment

The adoption of the above FRS and INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements. FRS 107 and the complementary amended FRS 1 introduce new disclosures relating to financial instruments and capital respectively.

2(c) FRS/INT FRS issued but not effective

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

FRS 1	Presentation of Financial Statements (effective 1 January 2009)
FRS 2	Inventories (effective 1 January 2009)
FRS 7	Cash Flow Statements (effective 1 January 2009)
FRS 8	Accounting Policies, Changes in Accounting Estimates and Errors (effective 1 January 2009)
FRS 11	Construction Contracts (effective 1 January 2009)
FRS 16	Property, Plant and Equipment (effective 1 January 2009)
FRS 19	Employee Benefits (effective 1 January 2009)
FRS 23	Borrowing Costs (effective 1 January 2009)
FRS 27	Consolidated and Separate Financial Statements (effective 1 January 2009)
FRS 33	Earnings Per Share (effective 1 January 2009)
FRS 34	Interim Financial Reporting (effective 1 January 2009)
FRS 36	Impairment of Assets (effective 1 January 2009)
FRS 38	Intangible Assets (effective 1 January 2009)
FRS 101	First-time Adoption of Financial Reporting Standards (effective 1 January 2009)
FRS 105	Non-current Assets Held for Sale and Discontinued Operations (effective 1 January 2009)
FRS 106	Exploration for and Evaluation of Mineral Resources (effective 1 January 2009)
FRS 108	Operating Segments (effective 1 January 2009)
INT FRS 29	Amendments to Disclosure - Service Concession Agreements (effective 1 January 2008)
INT FRS 101	Amendments to Changes in Existing Decommissioning, Restoration and Similar Liabilities (effective 1 January 2009)
INT FRS 104	Amendments to Determining whether an Arrangement contains a Lease (effective 1 January 2008)
INT FRS 112	Service Concession Arrangement (effective 1 January 2008) Amendments to Service Concession Arrangements (effective 1 January 2009)

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.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated income statement.

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 cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill under the accounting policy "Intangible Assets".

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

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

<u>Goodwill</u>

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment of goodwill is recognised in the income statement and is not subsequently reversed. Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing.

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

Intangible assets (Cont'd)

Goodwill (Cont'd)

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

Computer software

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

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

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

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.

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 or changes in circumstances indicate the carrying value may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

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

Investment properties (Cont'd)

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 completion 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.

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 an integral part with sale of land and no future economic benefit is expected from its disposal. Cost of land infrastructure inventory on sale of land or loss from disposal is recognised in the income statement in the year of sales or disposal.

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

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 2007, the Group has no financial assets at fair value through profit or loss.

(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 (excluding prepayment) 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 2007, 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.

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

Investment in financial assets (Cont'd)

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.

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.

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

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 is responsible for the entire insurance claim relating to accidents incurred by the employees at the work place and for the entire retirement benefit obligations of the related employees under the said state pension scheme.

The Group also makes contributions to a defined contribution pension plan which is administered by legal entity, "Dana Pensiun Lembaga Keuangan Indolife Pensiontama" 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% from the gross rental amount starting 1 May 2002.

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

Impairment of non-financial 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.

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.

With the exception of goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation 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.

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

Revenue recognition (Cont'd)

Sales of land and building (Cont'd)

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.

Resort operations and ferry services

Revenue is recognised when the services are rendered.

Golf and social facilities revenue

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

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

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.

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

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).

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.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items are measured at fair value in a foreign currency are translated using the exchange rates as the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange difference arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

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

Conversion of foreign currencies (Cont'd)

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 industrial park, utilities, resort 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

The Company	Goodwill $'000	Computer software $'000	Total $'000
Cost			
At 1 January 2006	–	20	20
Additions	–	11	11
At 31 December 2006	**–**	**31**	**31**
Additions	**–**	**–**	**–**
At 31 December 2007	**–**	**31**	**31**
Accumulated amortisation			
At 1 January 2006	–	8	8
Amortisation for the year	–	9	9
At 31 December 2006	**–**	**17**	**17**
Amortisation for the year	**–**	**8**	**8**
At 31 December 2007	**–**	**25**	**25**
Net book value			
At 31 December 2007	**–**	**6**	**6**
At 31 December 2006	–	14	14

The Group	Goodwill $'000	Computer software $'000	Total $'000
Cost			
At 1 January 2006	–	20	20
On acquisition of subsidiaries	–	137	137
Additions	–	108	108
At 31 December 2006	**–**	**265**	**265**
On acquisition of subsidiary	**1,164**	**–**	**1,164**
Additions	**–**	**253**	**253**
At 31 December 2007	**1,164**	**518**	**1,682**
Accumulated amortisation			
At 1 January 2006	–	8	8
On acquisition of subsidiaries	–	52	52
Amortisation for the year	–	79	79
At 31 December 2006	**–**	**139**	**139**
Amortisation for the year	**–**	**95**	**95**
At 31 December 2007	**–**	**234**	**234**
Net book value			
At 31 December 2007	1,164	**284**	**1,448**
At 31 December 2006	–	126	126

4 Intangible assets (Cont'd)

(a) Goodwill

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to business segments. Goodwill is solely allocated to property development segment.

The recoverable amount of a CGU was determined based on value-in-use calculation. This calculation is based on future contributions from sale of land and infrastructure in Bintan Island by the Group. The budgeted sale of land and infrastructure were based on the financial year 2008 budget approved by management. The key assumptions used for value-in-use calculations are the budgeted sale of land and infrastructure of $130 million and gross margin contribution of 66% for property development segment.

These assumptions were used and determined by management based on past performance and its future expectations of the market development.

No impairment charge is expected as the value-in-use calculations exceed the carrying amount of the CGU. In the event that the budgeted sale of $130 million does not materialise and the gross margin contribution of 66% is lower than expected, the recoverable amount of the CGU would be affected.

5 Property, plant and equipment

The Company	Furniture, fixtures and equipment $'000	Office equipment $'000	Leasehold improvements $'000	Total $'000
Cost				
At 1 January 2006	57	32	100	189
Additions	17	23	56	96
At 31 December 2006	**74**	**55**	**156**	**285**
Additions	**15**	**29**	**–**	**44**
At 31 December 2007	**89**	**84**	**156**	**329**
Accumulated depreciation				
At 1 January 2006	16	10	21	47
Depreciation for the year	12	11	21	44
At 31 December 2006	**28**	**21**	**42**	**91**
Depreciation for the year	**17**	**19**	**31**	**67**
At 31 December 2007	**45**	**40**	**73**	**158**
Net book value				
At 31 December 2007	**44**	**44**	**83**	**171**
At 31 December 2006	46	34	114	194

5 Property, plant and equipment (Cont'd)

The Group	Balance at 1.1.2007 $'000	Exchange translation difference $'000	Additions $'000	Transfers $'000	Disposals $'000	**Balance at 31.12.2007 $'000**
Cost						
Leasehold land	100,071	–	–	–	–	**100,071**
Land improvements	4,710	–	–	–	–	**4,710**
Landfill	1,564	–	8	–	–	**1,572**
Building and infrastructures	216,492	–	42	2,380	(83)	**218,831**
Golf course	25,307	–	–	–	–	**25,307**
Utilities	286,151	–	5,193	11,551	(4,077)	**298,818**
Machinery and equipment	53,354	–	365	1,363	(911)	**54,171**
Vessels and ferry equipment	21,959	–	139	–	(133)	**21,965**
Working wharf	1,685	–	–	–	–	**1,685**
Transportation equipment and vehicles	6,006	(10)	385	–	(372)	**6,009**
Medical equipment	666	–	–	–	–	**666**
Furniture, fixtures and equipment	23,208	(19)	515	645	(65)	**24,284**
Office equipment	2,923	–	611	–	(20)	**3,514**
Resort equipment	2,188	–	102	–	–	**2,290**
Reservoir	12,734	–	–	–	–	**12,734**
Telecommunications equipment	9,610	(480)	777	31	(32)	**9,906**
Leasehold improvements	1,032	–	–	–	–	**1,032**
Construction-in-progress	4,851	(10)	18,523	(15,970)	–	**7,394**
Total	774,511	(519)	26,660	–	(5,693)	**794,959**

The Group	Balance at 1.1.2007 $'000	Exchange translation difference $'000	Depreciation charges for the year $'000	Transfers $'000	Disposals $'000	**Balance at 31.12.2007 $'000**
Accumulated depreciation						
Leasehold land	21,515	–	2,012	–	–	**23,527**
Land improvements	2,078	–	236	–	–	**2,314**
Landfill	1,560	–	5	–	–	**1,565**
Building and infrastructures	102,240	–	9,955	–	(48)	**112,147**
Golf course	7,008	–	562	–	–	**7,570**
Utilities	157,708	–	13,329	–	(3,571)	**167,466**
Machinery and equipment	39,339	–	3,092	–	(1,416)	**41,015**
Vessels and ferry equipment	14,950	–	1,826	–	(133)	**16,643**
Working wharf	1,685	–	–	–	–	**1,685**
Transportation equipment and vehicles	5,236	(7)	371	–	(360)	**5,240**
Medical equipment	659	–	2	–	–	**661**
Furniture, fixtures and equipment	16,130	(17)	1,703	–	(64)	**17,752**
Office equipment	2,228	–	276	–	(20)	**2,484**
Resort equipment	1,993	–	78	–	–	**2,071**
Reservoir	5,090	–	424	–	–	**5,514**
Telecommunications equipment	5,563	(396)	474	–	(32)	**5,609**
Leasehold improvements	962	–	20	–	–	**982**
Total	385,944	(420)	34,365	–	(5,644)	**414,245**

5 Property, plant and equipment (Cont'd)

The Group	Balance at 1.1.2007 $'000	**Balance at 31.12.2007 $'000**
Net book value		
Leasehold land	78,556	**76,544**
Land improvements	2,632	**2,396**
Landfill	4	**7**
Building and infrastructures	114,252	**106,684**
Golf course	18,299	**17,737**
Utilities	128,443	**130,891**
Machinery and equipment	14,015	**13,156**
Vessels and ferry equipment	7,009	**5,322**
Working wharf	–	**–**
Transportation equipment and vehicles	770	**769**
Medical equipment	7	**5**
Furniture, fixtures and equipment	7,078	**6,532**
Office equipment	695	**1,030**
Resort equipment	195	**219**
Reservoir	7,644	**7,220**
Telecommunications equipment	4,047	**4,297**
Leasehold improvements	70	**50**
Construction-in-progress	4,851	**7,855**
Total	388,567	**380,714**

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

5 Property, plant and equipment (Cont'd)

The Group	Balance at 1.1.2006 $'000	On acquisition of subsidiaries $'000	Depreciation charges for the year $'000	Transfers $'000	Disposals $'000	Balance at 31.12.2006 $'000
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

	Balance at 1.1.2006 $'000	Balance at 31.12.2006 $'000
Net book value		
Leasehold land	–	78,556
Land improvements	–	2,632
Landfill	–	4
Building and infrastructures	79	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	41	695
Resort equipment	22	195
Reservoir	–	7,644
Telecommunications equipment	–	4,047
Leasehold improvements	–	70
Construction-in-progress	–	4,851
Total	142	388,567

5 Property, plant and equipment (Cont'd)

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

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

HGB	Expiration Date
Land parcels AU1	December 13, 2023 (66 Ha)
Land parcels BT1a	February 16, 2025 (72 Ha)
Land parcels WR1	February 16, 2025 (1,560 Ha)

In 2006, the leasehold land and building at land parcels AU1, BT1a and WR1 (township, utility and reservoir) which cover an area of 1,698 hectares were used as collateral for the bank loan payable to PT Bank Mega Tbk as disclosed under Note 22 - "Loans and borrowings". Such collateral has been discharged as the loan has been fully repaid in 2007.

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 HGB at Bintan Island is valid for 30 years up to the following expiration dates:

HGB	Expiration date
PT Bintan Inti Industrial Estate (269.6 hectares excluding land sold)	24 August 2025 (260.08 ha) and 13 December 2023 (9.52 ha)

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

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".

As at 31 December 2007, construction in progress at the Industrial Parks amounting to $542,000 (2006 - $2,848,000) 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.

As at 31 December 2007, construction in progress at the Executive Village amounting to $942,000 (2006 - $1,278,000), 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.

5 Property, plant and equipment (Cont'd)

The remaining balance of construction-in-progress represents mainly all preliminary costs related to the construction of urban beach centre in Bintan Island, which amounted to $2,539,000 (2006 - $Nil) and vessels under construction of $3,270,000 (2006 - $Nil). The borrowing costs capitalized in 2007 amounted to $17,000 (2006 - $Nil). The effective interest rate of borrowing cost capitalized is 3.62% (2006 - $Nil%) per annum.

6 Investment properties

The Group	**2007 $'000**	2006 $'000
Cost		
Balance at beginning	**567,504**	–
On acquisition of subsidiaries	**–**	567,626
Additions	**3,993**	–
Disposals	**–**	(122)
Balance at end	**571,497**	567,504
Accumulated depreciation		
Balance at beginning	**230,564**	–
On acquisition of subsidiaries	**–**	219,217
Depreciation charge	**23,356**	11,411
Disposals	**–**	(64)
Balance at end	**253,920**	230,564
Net book value	**317,577**	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 Inti Industrial Estate situated at Batam Island and Bintan Island	926,616 sqm

As of 31 December 2007, the fair value of the investment properties, except PT Batamindo Executive Village (BEV)'s investment properties, amounted to $403.50 million and were based on recent valuation in 2006 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 2007 amounted to $0.9 million (2006 - $1.1 million).

7 Subsidiaries

The Company	**2007** **$'000**	2006 $'000
Unquoted equity investments, at cost	**1,207,642**	1,205,212

The subsidiaries as at 31 December 2007 are as follows:

Name of subsidiaries	Country of incorporation/ principal place of business	Cost of investment		Percentage of effective interest		Principal activities
		2007 **$'000**	2006 $'000	**2007** **%**	2006 %	
Directly held						
PT Batamindo Investment Cakrawala ("PT BIC") [1]	Indonesia	**463,663**	463,663	**99.99**	99.99	Development and management of industrial estate
Verizon Resorts Limited ("VRL Labuan") [2]	Malaysia	**613,341**	613,341	**100**	100	Investment holding
PT Bintan Inti Industrial Estate ("PT BIIE") [1] [a]	Indonesia	**117,439**	117,439	**100**	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**	5,569	**86.77**	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**	5,200	**90.74**	88.60	Provision of ferry services between Singapore and Bintan

7 Subsidiaries (Cont'd)

Name of subsidiaries	Country of incorporation/ principal place of business	Cost of investment		Percentage of effective interest		Principal activities
		2007 $'000	2006 $'000	**2007 %**	2006 %	
Indirectly held through PT BIC:						
PT Batamindo Executive Village ("PT BEV") (1)	Indonesia	**–**	–	**60**	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**	95	Telecommunications service provider
Batamindo Investment (S) Ltd ("BI") (e)	Singapore	**–**	–	**–**	100	Dormant
Indirectly held through VRL Labuan						
PT Surya Bangunpertiwi ("PT SBP") (3)	Indonesia	**–**	–	**99.99**	99.99	Wholesaler of hotels, resorts and golf courses
PT Buana Megawisatama ("PT BMW") (3)	Indonesia	**–**	–	**99.99**	99.99	Wholesaler of hotels, resorts and golf courses
PT Suakajaya Indowahana ("PT SI") (3) (d)	Indonesia	**2,430**	–	**100**	80	Trading, industry, development and services
Batamindo Investment (S) Ltd ("BI") (6) (e)	Singapore	**–**	–	**100**	–	Management consultancy services
Golf View Limited (formerly known as "Great Success Investment Limited") (7)	Seychelles	**–**	–	**100**	–	Investment holding

7 Subsidiaries (Cont'd)

Name of subsidiaries	Country of incorporation/ principal place of business	Cost of investment		Percentage of effective interest		Principal activities
		2007 $'000	2006 $'000	**2007 %**	2006 %	
Indirectly held through BRF						
BRF Holidays Pte Ltd ("BRFH") (5)	Singapore	**–**	–	**90.74**	88.60	Provision of tour operations and related services
		1,207,642	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, VRL Labuan, 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 86.77%.

(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 90.74%.

(d) In 2007, the Company acquired a direct interest of 20% in PT SI for a purchase consideration of $2,430,000 satisfied in full by the issuance of 2,059,372 ordinary shares at the issue price of approximately $1.18 per share, whilst its subsidiary, VRL Labuan, has an interest of 80%. The effective interest of equity held by the Group is 100%.

(e) In 2007, PT BIC transferred its entire interest of 100% in BI to VRL Labuan. As a result, BI became a wholly-owned subsidiary of VRL Labuan.

(1) Audited by Purwantono, Sarwoko & Sandjaja

(2) Audited by Chieng & Associates

(3) Audited by Drs Johan, Malonda Astika & Rekan

(4) Audited by TeoFoongWongLCLoong

(5) Audited by N.F Lee & Co

(6) Audited by Foo Kon Tan Grant Thornton

(7) Not required to be audited by law in the country of incorporation

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

8 Associated companies

The Group	2007 $'000	2006 $'000
Unquoted equity investments, at cost	**543**	543
Exchange translation difference	**(225)**	(16)
Share of post-acquisition reserves	**635**	628
	953	1,155

The associated companies are as follows:

Name of associated companies	Country of incorporation	Percentage of equity held		Principal activities
		2007 %	2006 %	
Held by PT BIC				
PT Soxal Batamindo Industrial Gases [(1)]	Indonesia	**30**	30	Production and sale of industrial gases
Batamindo Carriers Pte Ltd [(2)]	Singapore	**36**	36	Provision of ship and boat chartering services
Batamindo Medical Management Pte Ltd [(3)]	Singapore	**50**	50	Dormant
Held by PT SI				
Bintan Resort Management Pte Ltd [(3)]	Singapore	**40**	40	Dormant

(1) audited by Pricewaterhouse Coopers, Indonesia.

(2) audited by KPMG, Singapore.

(3) not required to be audited in the country of incorporation.

The summarised financial information of associated companies is as follows:

	2007 $'000	2006 $'000
Current assets	**1,640**	2,628
Non-current assets	**2,282**	1,858
Current liabilities	**(958)**	(932)
Non-current liability	**(21)**	(24)
Net assets	**2,943**	3,530

Share of associated companies' revenue, profit/(loss) and dividends:

Revenue	**1,566**	1,715
Profit/(loss)	**97**	(567)
Dividend	**(90)**	(78)

9 Other investments

The Group	2007 $'000	2006 $'000
Unquoted equity investments, at cost	**10,000**	10,000
Allowance for impairment losses	**(10,000)**	(10,000)
	–	–

The unquoted equity investments are classified as available-for-sale financial assets. There is no active market for the equity interest. As such, it is not practicable to determine with sufficient reliability the fair value without incurring excessive costs. However, the Directors do not anticipate the carrying amount of the unquoted equity investments will be significantly in excess of its fair value.

10 Deferred tax assets

The Group	2007 $'000	2006 $'000
Balance at beginning	**5,493**	–
On acquisition of subsidiaries	**–**	4,794
Foreign exchange difference	**(267)**	–
Credited to income statement (Note 29)	**2,443**	699
Balance at end	**7,669**	5,493

The balance comprises tax on:

	Balance at 1 January 2007 $'000	(Charged)/ credited to income statement $'000	Foreign exchange difference $'000	Balance at 31 December 2007 $'000
2007				
Fiscal loss net of expired tax loss	5,558	(2,941)	–	**2,617**
Estimated liability for employee service entitlements	995	626	(267)	**1,354**
Allowance for doubtful debts	2,020	14	–	**2,034**
Allowance for impairment loss in value of investments	3,000	–	–	**3,000**
Property, plant and equipment	(4,183)	4,617	–	**434**
Valuation allowance	(1,897)	855	–	**(1,042)**
Refundable golf membership deposits	–	(728)	–	**(728)**
	5,493	2,443	(267)	**7,669**

10 Deferred tax assets (Cont'd)

	On acquisition of subsidiaries $'000	(Charged)/ credited to income statement $'000	Balance at 31 December 2006 $'000
2006			
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
Allowance 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	**2007 $'000**	2006 $'000
Receivable		
Not later than one year	**–**	–
Later than one year and not later than five years	**62,046**	62,046
Later than five years	**–**	–
	62,046	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.

The loan receivable is denominated in Singapore dollar.

12 Other non-current assets

The Group	**2007 $'000**	2006 $'000
Golf membership [a]	**4,223**	4,223
Provision for impairment loss	**(2,240)**	(2,240)
	1,983	1,983
Estimated claims for income tax refund	**1,173**	1,317
Advances	**138**	–
Deposits paid	**72**	36
	3,366	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 which is ranging from $7,000 and $8,000 for each golf membership as of 31 December 2007.

13 Land inventories

The Group	**2007 $'000**	2006 $'000
At cost	**546,481**	551,011

As at 31 December 2007, PT SBP's land inventories comprise 3,767 ha (2006 - 3,767 ha) with Building Use Right ("HGB"). Part of the land's HGB for 3,251 ha will expire in 30 years while the HGB of 516 ha has been extended and renewed for a period of 80 years.

As at 31 December 2007 and 2006, PT BMW's land inventories comprise 14,083 ha (2006 - 14,224 ha) of land with HGB certificates. Part of the land's HGB amounting to 12,023 ha will expire in 30 years while the HGB of 2,060 ha has been extended and renewed for a period of 80 years.

14 Other inventories

The Group	**2007 $'000**	2006 $'000
Fuel and lubrication oil, at cost	**6,290**	9,333
Medicines, at cost	**62**	70
Consumables and supplies, at cost	**4,688**	3,866
	11,040	13,269
Provision for inventories obsolescence	**(537)**	(537)
	10,503	12,732
Stated at		
Cost		
Medicine	**62**	70
Fuel and lubrication oil	**2,028**	2,121
Consumables and supplies	**412**	190
Net realisable value		
Fuel and lubrication oil	**4,241**	7,193
Consumables and supplies	**3,760**	3,158
	10,503	12,732

15 Trade and other receivables

	The Company		The Group	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Trade receivables				
- external parties	**–**	–	**59,260**	63,113
Impairment of doubtful debts	**–**	–	**(11,074)**	(10,142)
	–	–	**48,186**	52,971
Refundable deposits	**23**	27	**23**	18
Prepayments	**222**	76	**3,810**	2,878
Loan to a subsidiary	**87,958**	87,958	**–**	–
Interest receivable	**–**	–	**8,043**	6,067
Amount owing by related parties	**–**	–	**3,395**	13,166
Others	**8**	–	**1**	55
Impairment of doubtful debts	**–**	–	**(1,391)**	(3,215)
	88,211	88,061	**62,067**	71,940

Trade receivables are denominated in the following currencies:

	The Company		The Group	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Singapore dollar	**88,211**	88,061	**54,867**	68,876
Indonesian rupiah	**–**	–	**6,985**	2,995
United States dollar	**–**	–	**215**	69
	88,211	88,061	**62,067**	71,940

15 Trade and other receivables (Cont'd)

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).

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

16 Restricted cash

	The Company		The Group	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Cash at bank	**–**	–	**3,276**	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.

17 Cash and cash equivalents

	The Company		The Group	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Cash on hand	**22**	1	**376**	301
Cash in banks	**725**	386	**50,025**	41,008
	747	387	**50,401**	41,309
Time deposits	**1,000**	2,000	**31,238**	25,625
	1,747	2,387	**81,639**	66,934

The cash and cash equivalents are denominated in the following currencies:

	The Company		The Group	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Singapore dollar	**1,726**	2,387	**67,311**	49,772
United States dollar	**–**	–	**3,130**	5,168
Indonesia rupiah	**–**	–	**11,177**	11,994
Others	**21**	–	**21**	–
	1,747	2,387	**81,639**	66,934

17 Cash and cash equivalents (Cont'd)

	The Group					
	2007			2006		
Interest rate on time deposits (per annum)						
Singapore dollar	1.5%	–	**3.261%**	2%	–	3.355%
Indonesian rupiah	4.75%	–	**10.25%**	10.25%	–	13%
United States dollar		–		3.5%	–	5.025%

18 Share capital

The Company and The Group	**2007 $'000**	2006 $'000
Balance at beginning - 2,410,423,184 (2006 - 20) ordinary share	**1,205,212**	*
Issue 1,932,435,662 ordinary shares at $0.50 per share for the acquisition of subsidiaries	**–**	961,322
Issue 477,987,502 ordinary shares at $0.51 per share for cash	**–**	243,890
Issue 2,059,372 ordinary shares at $1.18 per share for the acquisition of additional interest in a subsidiary	**2,430**	–
Balance at end - 2,412,482,556 (2006 - 2,410,423,184) ordinary shares	**1,207,642**	1,205,212

* Representing $2 share capital.

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	**2007 $'000**	2006 $'000
Deposits from tenants	**31,149**	32,615
Refundable golf membership deposit	**4,896**	7,487
	36,045	40,102

Deposits from tenants represent advance payments received from tenants equivalent to certain months' factory and dormitory rentals, hawkers' centres, and deposits for electricity supply, in accordance with the provisions of their respective lease agreements. These deposits will be refunded or applied against rentals due at the end of the lease period.

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	2007 $'000	2006 $'000
Balance at beginning		
On acquisition of subsidiaries	**5,049**	4,013
Net employee benefits expense	**1,381**	1,092
Actual benefit payment	**(215)**	(56)
Foreign exchange difference	**(287)**	–
Balance at end	**5,928**	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	:	10% - 11% per annum
Mortality rate	:	USA Table of Mortality, commissioners standard ordinary 1980
Annual salary increases	:	8% to 10% per annum
Retirement age	:	55 years
Turnover rates	:	5% up to age 25 and reducing linearly up to 0% at the age of 45 and thereafter
Disability rate	:	10% of mortality rate

The net employee benefits expense comprises the following:

	2007 $'000	2006 $'000
Current service cost	**335**	686
Interest expense	**357**	387
Immediate adjustment of termination plan	**670**	–
Immediate recognition of past service cost	**–**	(15)
Unrecognised past service cost-vested	**2**	22
Excess payment	**–**	12
Amortisation of past service cost unvested	**17**	–
	1,381	1,092

20 Employee benefits liabilities (Cont'd)

Employee benefits liabilities:

	2007 $'000	2006 $'000
Present value of employee benefits liabilities	**5,370**	5,092
Unrecognised past service cost-unvested	**(234)**	52
Unrecognised past service cost-vested	**671**	(48)
Unrecognised actual gain/(losses)	**121**	(47)
	5,928	5,049

21 Deferred tax liabilities

The Group	2007 $'000	2006 $'000
Balance at beginning	**106**	–
On acquisition of subsidiaries	**–**	17
Foreign exchange difference	**58**	–
Charged to income statement (Note 29)	**393**	89
Balance at end	**557**	106

The balance comprises tax on:

	Balance at 1 January 2007 $'000	Charged/ (credited) to income statement $'000	Foreign exchange difference $'000	**Balance at 31 December 2007 $'000**
2007				
Fiscal loss net of expired tax loss	(25)	(1,963)	351	**(1,637)**
Estimated liability for employee service entitlements	–	(263)	37	**(226)**
Property, plant and equipment	131	2,619	(330)	**2,420**
	106	393	58	**557**

	On acquisition of subsidiaries $'000	Charged/ (credited) to income statement $'000	Balance at 31 December 2006 $'000
2006			
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		The Group	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Bank loans				
Term loan 1 - United Overseas Bank Limited	**66,000**	90,000	**66,000**	90,000
Term loan 2 - United Overseas Bank Limited	**–**	–	**12,520**	20,840
Term loan 3 - United Overseas Bank Limited	**–**	–	**1,300**	1,500
PT Bank Mega Tbk	**–**	–	**–**	10,740
Bank Niaga Tbk	**–**	–	**159**	226
Loans from subsidiaries	**37,546**	–	**–**	–
Loan from Jiangjun Limited	**–**	–	**19,295**	19,295
	103,546	90,000	**99,274**	142,601
Less:				
Current portion	**(69,546)**	(24,000)	**(61,074)**	(62,581)
	34,000	66,000	**38,200**	80,020

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

	The Company		The Group	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Current portion:				
- at floating interest rate	**32,000**	24,000	**41,620**	32,320
- at fixed interest rate	**37,546**	–	**19,454**	30,261
	69,546	24,000	**61,074**	62,581
Non-current portion:				
- at floating interest rate	**34,000**	66,000	**38,200**	80,020
- at fixed interest rate	**–**	–	**–**	–
	34,000	66,000	**38,200**	80,020

The loans are denominated in the following currencies:

	The Company		The Group	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Singapore dollar	**96,500**	90,000	**99,274**	112,340
United States dollar	**7,046**	–	**–**	10,740
Indonesian rupiah	**–**	–	**–**	19,521
	103,546	90,000	**99,274**	142,601

a. Term loan 1

The loan is secured by:

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

22 Loans and borrowings (Cont'd)

a. Term loan 1 (Cont'd)

(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:

- pledge of shares in the capital of PT SI.

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 installment 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% (2006 - 5.5%) per annum.

The loan bears interest at 1.5% in 2007 and 2.25% in 2006 above SWAP rate, presently at 2.96% (2006 - 3.65%) per annum. There is no repricing of interest rate during the year while in 2006, the bank reprice the interest rate to 1.5% per annum above SWAP rate.

22 Loans and borrowings (Cont'd)

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 that need to be maintained and complied with:

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

(b) the ratio of EBITDA to interest expense for each test period will not be less than 2.3 to 7;

(c) the operating margin for each test period will not be les than 20% and;

(d) the value of the receivables subject to the security created pursuant to the fiduciary security over receivables for the period of 12 months ending on each quarterly test date will not be less than S$11,500,000 (or its equivalent in any other currency or currencies).

The loan bears interest at 1.4% per annum above SWAP rate, presently at 3.57% (2006 - 3.65%) per annum, and the rates ranged from 4.06% to 4.97% in 2007 and 4.37% to 5.15% in 2006. 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 3.39% to 4.57% in 2007 and 4.11% to 4.76% in 2006. 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;

(iii) corporate guarantee from PT BRC; and

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

(v) credit agreement between the Group and its banker.

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.

22 Loans and borrowings (Cont'd)

d. PT Bank Mega Tbk (Cont'd)

In 2006 the loan was secured by land parcels AU1, BT1A and WR1 which cover an area of 1,698 hectares and the buildings thereon (township, utility and reservoir). The collateral has been discharged by the bank in 2007 when the loan was fully repaid in June 2007.

e. PT Bank Niaga Tbk

This loan was obtained 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.

f. Loans from subsidiaries

Loans from subsidiaries are unsecured and repayable on demand. Interest is charged at the rate of 3.0% per annum.

g. Loan from Jiangjun Limited

Loan payable to an external party is unsecured and repayable on demand. Interest is charged at the rate of 2.25% in 2007 and 2006 per annum.

23 Trade and other payables

	The Company		The Group	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Trade payables	**–**	–	**22,902**	19,655
Accruals	**818**	613	**2,704**	3,767
Interest payable on bank loan	**984**	1,550	**1,718**	2,407
Advances from related corporations	**40**	30	**20,868**	22,578
Advances from subsidiaries	**1,382**	9,583	**–**	–
	3,224	11,776	**48,192**	48,407

Trade payables are generally on 30 days credit terms.

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

24 Other income

The Group	2007 $'000	2006 $'000
Interest income - bank	**6,589**	3,931
Gain on disposal of property, plant and equipment	**65**	14
Gain on disposal of investment property	**–**	105
Miscellaneous income	**3,807**	1,487
Excess of share of fair value of assets and liabilities of subsidiaries acquired over purchase consideration written off	**–**	13,360
Exchange (loss)/gain	**(74)**	1,738
	10,387	20,635

25 Other operating expenses

The Group	2007 $'000	2006 $'000
Depreciation and amortisation	**3,020**	2,985
Management fee	**3,052**	1,793
Marketing and promotion expenses	**7,650**	5,704
Others	**11,273**	6,642
Repairs and maintenance	**1,763**	1,352
Representation costs	**743**	1,253
Staff costs	**8,555**	6,870
Taxes and licences	**596**	1,269
Transport and travelling	**803**	667
Utilities	**2,899**	1,588
	40,354	30,123

26 Finance costs

The Group	2007 $'000	2006 $'000
Bank loans	**5,097**	5,738
Minority shareholders	**169**	100
Others	**407**	496
	5,673	6,334

27 Profit before taxation

The Group	Note	2007 $'000	2006 $'000
Profit before taxation has been arrived at after charging/(crediting):			
Amortisation of intangible assets	4	**95**	79
Depreciation of property, plant and equipment	5	**34,365**	22,079
Depreciation of investment properties	6	**23,356**	11,411
Directors' fees		**335**	351
Directors' remuneration			
- Directors' salaries and related costs		**1,285**	322
- CPF contributions		**39**	35
Foreign exchange loss/(gain)		**74**	(1,738)
Impairment of doubtful debts		**1,519**	116
Operating lease rentals			
- office equipment and office premises		**509**	430
Staff costs (other than directors)			
- salaries and related costs		**22,678**	13,919
- CPF contributions		**519**	262
		23,197	14,181

28 Key management personnel compensation

The Group	2007 $'000	2006 $'000
Short-term benefits	**1,790**	1,409

29 Taxation

The Group	2007 $'000	2006 $'000
Current taxation		
Indonesia tax		
Final tax	**5,554**	10,708
Non-final tax	**10,263**	804
Singapore tax	**122**	123
	15,939	11,635
Deferred taxation (Notes 10 and 21)		
Indonesia tax	**(2,050)**	(609)
	13,889	11,026

No current taxation for financial years ended 31 December 2007 and 2006 had been provided in the financial statements 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 group's profit as a result of the following:

	2007 $'000	2006 $'000
Profit before taxation	**29,705**	40,869
Tax at statutory rate of 18% (2006 - 20%)	**5,347**	8,174
Tax suffered at foreign source	**116**	268
Difference of tax effects on gross income subject to final tax instead of corporate tax	**7,433**	1,248
Tax effects on non-deductible expenses	**993**	1,336
	13,889	11,026

30 Earnings per share

The Group

The earnings per share for 2007 is calculated based on the Group's profit after taxation for the year of $14,720,000 attributable to the shareholders divided by weighted average number of 2,411,109,641 ordinary shares in issue during the financial year. There are no dilutive potential ordinary shares that were outstanding during the year.

The earnings per share for the financial year ended 31 December 2006 is calculated based on the profit of $29,026,000 divided by the weighted average number of 1,406,080,191 ordinary shares.

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	
	2007 **$'000**	2006 $'000	**2007** **$'000**	2006 $'000
Not later than one year	**55**	106	**448**	688
Later than one year and not later than five years	**5**	54	**79**	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 leases of office premises, telecommunication equipment and 2 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	**2007** **$'000**	2006 $'000
Not later than one year	**46,062**	30,161
Later than one year and not later than five years	**32,179**	24,156
Later than five years	**1,091**	–

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:

	2007 **$'000**	2006 $'000
Capital expenditure contracted but not provided for	**33,327**	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.

33.2 In 2006, PT Raflesia Matrawisata ("PT RM") filed a civil suit against five defendants, namely, the 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 Nasional (the Indonesia National Land Office); and Badan Pertanahan Nasional Cq Kantor Pertanahan Kabupaten Kepulauan Riau (the Bintan Land Office) on their rights over certain parcels of land in Bintan. The land ownership under dispute covers an area of 963,353 sq meters ("the land") and it includes land currently occupied by PT Bintan Lagoon and other land parcels not specified in the suit. PT RM 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.

33 Contingent liabilities (unsecured) (Cont'd)

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 sq 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.

On 21 June 2007, the Tanjung Pinang Court rejected the lawsuit. PT Raflesia filed an appeal with the Riau High Court on 3 July 2007.

On 29 November 2007, the Riau High Court rejected the appeal and as of 31 December 2007, Gallant subsidiaries have not received the counter response from PT Raflesia.

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 corporate entities.

34 Related parties transactions (Cont'd)

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:

	2007 **$'000**	2006 $'000
Shareholders		
Marketing services	**5,120**	2,482
Marketing remuneration fees	**56**	19
Offshore marketing services	**800**	1,275
Staff secondment fees	**2,067**	1,386
Management fee	**328**	210
Companies in which a shareholder has an interest		
Technical assistance fee	**400**	163
Human resource management fee	**675**	568
Management fee	**2,887**	2,134
Port management fees	**–**	185
Insurance premiums	**598**	386
Claims received	**–**	(162)
Sales	**(14,146)**	(7,895)
Utilities	**–**	73
Telecommunication expenses	**–**	29
Fees and rentals	**2,031**	1,168
Minority shareholders		
Interest expense	**136**	100
Associated company		
Interest Income	**(8)**	(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 Island and Bintan Island 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 Island and Bintan Island as well as resorts in Bintan Island.

35 Segment information (Cont'd)

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.

Property development segment

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

The Group

2007	Industrial Parks $'000	Utilities $'000	Resort Operations $'000	Property Development $'000	Corporate $'000	Elimination $'000	Total $'000
Business segments							
Operating revenue							
External sales	56,696	137,203	26,481	13,924	–	–	234,304
Inter segment sales	–	5	1,728	–	–	(1,733)	–
Total sales	56,696	137,208	28,209	13,924	–	(1,733)	234,304
Segment results							
Profit/(loss) from operations	15,222	24,292	(7,014)	4,681	(1,803)	–	35,378
Finance costs							(5,673)
Profit before taxation							29,705
Taxation							(13,889)
Profit after taxation							15,816
Attributable to:							
Equity holders of the Company							14,720
Minority interests							1,096
							15,816
Assets							
Segment assets	503,370	278,025	60,779	554,387	72,768	–	1,469,329
Unallocated corporate assets							8,410
Total assets							1,477,739
Liabilities							
Segment liabilities	61,601	25,548	6,004	4,811	99,114	–	197,078
Unallocated corporate liabilities							1,841
Total liabilities							198,919

35 Segment information (Cont'd)

2007	Industrial Parks $'000	Utilities $'000	Resort Operations $'000	Property Development $'000	Corporate $'000	Total $'000
Business segments						
Other information						
Capital expenditure	8,585	14,319	7,536	170	44	30,654
Software costs	87	–	67	7	92	253
Amortisation of software cost	57	–	16	2	20	95
Depreciation of property, plant and equipment	6,233	20,235	6,966	864	67	34,365
Depreciation of investment properties	23,356	–	–	–	–	23,356
Loss/(gain) on disposal of property, plant and equipment	(106)	–	(4)	45	–	(65)
Gain on disposal of investment property	–	–	–	–	–	–
Impairment of doubtful debts (trade)	586	365	568	–	–	1,519

2006	Industrial Parks $'000	Utilities $'000	Resort Operations $'000	Property Development $'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

35 Segment information (Cont'd)

2006	Industrial Parks $'000	Utilities $'000	Resort Operations $'000	Property Development $'000	Corporate $'000	Total $'000
Business segments (Cont'd)						
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)
Impairment of doubtful debts (trade)	(92)	–	208	–	–	116

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.

35 Segment information (Cont'd)

Segment assets and liabilities

Segment assets include all operating assets and consist principally of operating cash, receivables, land inventories, other inventories, investment properties and property, plant and equipment, net of allowances and provisions. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated on a reasonable basis.

Segment liabilities include all operating liabilities and consist principally of operating payables, 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 other than the loan receivable of $62,046,000 from PT AIB (Note 11).

The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets in the balance sheet. Details on trade receivables are as follows:

(i) Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially counterparties with good payment records with the Group.

	2007	2006
	$'000	$'000
Trade receivables neither past due nor impaired	**23,258**	36,374

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

36.1 Credit risk (Cont'd)

(ii) Financial assets that are past due but not impaired

The aging analysis of trade receivables past due but not impaired is as follows:

The Group	**2007 $'000**	2006 $'000
Trade receivables past due but not impaired:		
More than one but less than two months	**8,975**	9,647
More than two but less than three months	**1,898**	2,252
More than three months	**14,055**	10,698

(iii) Financial assets that are past due and impaired

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

The Group	**2007 $'000**	2006 $'000
Gross amount	**11,074**	10,142
Less: Impairment of doubtful debts	**(11,074)**	(10,142)
	–	–
Movement in impairment of doubtful debts:		
At beginning	**10,142**	–
Current year	**1,519**	10,142
Amount written off	**(587)**	–
At end	**11,074**	10,142

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.

The following table demonstrates the sensitivity to a reasonably possible change in the United States dollar and Indonesian rupiah exchange rate, with all other variables held constant, of the Company and subsidiaries' profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Company and subsidiaries' equity.

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

36.2 Foreign currency risk (Cont'd)

	Appreciation/ (depreciation) of foreign currency rate	Effect on profit before tax increase/ decrease $'000
2007		
Indonesian rupiah	11%	426
Indonesian rupiah	(11%)	(531)
United States dollar	9%	46
United States dollar	(9%)	(57)

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.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company and subsidiaries' profit before tax (through the impact on floating rate borrowings for loan from United Overseas Bank Ltd, Singapore). There is no impact on the Company and subsidiaries' equity.

	Increase/ (decrease) in basic points	Effect on profit before tax $'000
2007		
Singapore dollar	0.0082	(426)
Singapore dollar	(0.0082)	426

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 a 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. The fair values of interest-bearing bank loan approximate their carrying value as they bear floating interest rates.

The Group's directors estimated the fair values for refundable golf membership deposits which will be due in 2020 by discounting the expected future cash flows based on current 15-year Singapore government bond rates.

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 Capital management

The Company is not subject to externally imposed capital requirements.

The Company's and subsidiaries' objectives when managing capital are:

a) To safeguard the Company's and subsidiaries' ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders.

b) To support the Company's and subsidiaries' stability and growth; and

c) To provide capital for the purpose of strengthening the Company's and subsidiaries' risk management capability.

The Company and subsidiaries actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Company and subsidiaries currently do not adopt any formal dividend policy.

Management regards total equity as capital, for capital management purposes. The amount of capital as at 31 December 2007 amounted to $1,246,214,000 which the management considered as optimal having considered the projected capital expenditure and the projected strategic investment opportunities.

39 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.

40 Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation in accordance with internal management.

	As restated 2006 $'000	As reported 2006 $'000
Trade and other payables	48,407	67,702
Loans and borrowings - current	62,581	43,286

41 Events after the balance sheet date

Subsequent to the balance sheet date, a wholly-owned subsidiary of the Company, Verizon Resorts Limited, has incorporated a subsidiary, Bintan Resorts International Pte. Ltd. on 11 January 2008 with a paid up capital of $100,000. Its principal activity is to act as a marketing agent of PT Bintan Resort Cakrawala.

STATISTICS OF SHAREHOLDINGS

as at 12 March 2008

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	552	31.47	188,940	0.01
1,000 - 10,000	772	44.01	4,121,883	0.17
10,001 - 1,000,000	407	23.20	26,049,600	1.08
1,000,001 AND ABOVE	23	1.31	2,382,122,133	98.74
GRAND TOTAL	1,754	100.00	2,412,482,556	100.00

TWENTY LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares	%
1	CITIBANK NOMS S'PORE PTE LTD	762,705,752	31.61
2	SEMBCORP INDUSTRIAL PARKS LTD	577,057,166	23.92
3	PARALLAX VENTURE PARTNERS XXX LIMITED	208,045,836	8.62
4	MORGAN STANLEY ASIA (S'PORE)	198,136,000	8.21
5	ING NOMINEES (S'PORE) PTE LTD	180,800,000	7.49
6	HSBC (SINGAPORE) NOMS PTE LTD	105,438,000	4.37
7	ASCENDAS INVESTMENT PTE LTD	88,200,062	3.66
8	RAFFLES NOMINEES PTE LTD	87,219,000	3.62
9	DBS NOMINEES PTE LTD	76,917,475	3.19
10	UNITED OVERSEAS BANK NOMINEES	46,932,952	1.95
11	DBS VICKERS SECS (S) PTE LTD	21,180,405	0.88
12	DB NOMINEES (S) PTE LTD	8,321,000	0.34
13	DBSN SERVICES PTE LTD	4,592,000	0.19
14	MERRILL LYNCH (S'PORE) P L	4,167,725	0.17
15	PT ELITINDO CITRALESTARI	3,106,688	0.13
16	DORNIER PROFITS LIMITED	2,000,000	0.08
17	ANTHEE WIN	1,550,000	0.06
18	PERUSAHAAN DAERAH SARANA PEMBANGUNAN RIAU	1,287,072	0.05
19	OCBC SECURITIES PRIVATE LTD	1,174,500	0.05
20	KIM ENG SECURITIES PTE LTD	1,043,500	0.04
	Total	**2,379,875,133**	**98.63**

PUBLIC FLOAT

Based on the information available to the Company as at 12 March 2008, approximately 25.33% 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	Deemed interest
PVP Venture Partners XXX Ltd	628,293,350	–
Parallax Venture Fund XXX(1)	–	628,293,350
Parallax Capital Management Pte Ltd(1)	–	628,293,350
Edan Cho Park(1)	–	628,293,350
Eugene Cho Park(1)	–	628,293,350
Dornier Profits Limited(1)(3)	86,000,000	628,293,350
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)	–	1,224,411,776
Sembcorp Industrial Parks Ltd	577,057,166	–
Sembcorp Industries Ltd(5)	–	577,057,166
Temasek Holdings (Private) Limited(5)	–	580,541,166

(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 Industrial Parks Ltd (formerly known as Semcorp 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at ONE°15 MARINA CLUB, Constellation Room II, Level 2, 11 Cove Drive, Sentosa Cove, Singapore 098497 on Thursday, 17 April 2008 at 11.00 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 2007 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To approve the Directors' fee of S$335,000/- for the financial year ended 31 December 2007. **(Resolution 2)**

3. To re-elect the following Directors:-

   (a) Ms Low Sin Leng who is retiring under Article 115 of the Articles of Association **(Resolution 3)**

   Ms Low Sin Leng will, upon re-election as Director of the Company, remain as a member of the Audit Committee. She will not be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   (b) BG (Ret) Chin Chow Yoon who is retiring under Article 115 of the Articles of Association **(Resolution 4)**

   BG (Ret) Chin Chow Yoon will, upon re-election as Director of the Company, remain as a member of the Nominating Committee.

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 5)**

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

5. To re-appoint Foo Kon Tan Grant Thornton as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

6. (a) "That pursuant to Section 161 of the Companies Act, and the listing rules of the SGX-ST, 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

(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 total number of issued shares excluding treasury shares, 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 total number of issued shares excluding treasury shares, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares 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 SGX-ST, and

(c) any subsequent bonus issue, 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 7)
(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 8)**
(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
3 April 2008

SINGAPORE

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 total number of issued shares excluding treasury shares 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 total number of issued shares excluding treasury shares 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 SGX-ST currently provides that the total number of issued shares excluding treasury shares of the Company for this purpose shall be the total number of issued shares excluding treasury shares 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 bonus issue, 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 371 Beach Road #13-08/09 Keypoint Singapore 199597 not later than 48 hours before the time appointed for the Meeting.

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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 ONE°15 MARINA CLUB, Constellation Room II, Level 2, 11 Cove Drive, Sentosa Cove, Singapore 098497 on Thursday, 17 April 2008 at 11.00 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 2007 and the Reports of the Directors and Auditors thereon.		
2.	To approve the Directors' fee of S$335,000/- for the financial year ended 31 December 2007.		
3.	To re-elect Ms Low Sin Leng, a Director of the Company, pursuant to Article 115 of the Articles of Association.		
4.	To re-elect BG (Ret) Chin Chow Yoon, a Director of the Company, pursuant to Article 115 of the Articles of Association.		
5.	To re-appoint Mr Rivaie Rachman, a Director of the Company, pursuant to Section 153(6) of the Companies Act, Chapter. 50.		
6.	To re-appoint Foo Kon Tan Grant Thornton as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To authorize Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
8.	To approve the Renewal of the Shareholders' Mandate for Interested Person Transactions.		

Dated this ________ day of ______________ 2008

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 371 Beach Road #13-08/09 Keypoint Singapore 199597 not later than 48 hours before the time set for the Annual General Meeting.

fold here

Affix
Postage
Stamp

The Company Secretaries
GALLANT VENTURE LTD.
371 Beach Road
#13-08/09 Keypoint
Singapore 199597

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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.