Gallant Venture

Annual Report 2008

Contents

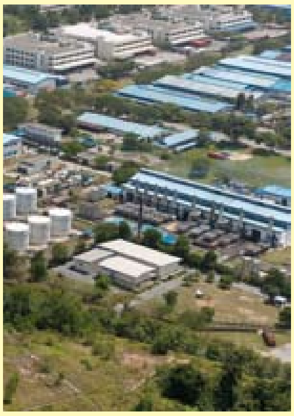
Corporate **Profile**

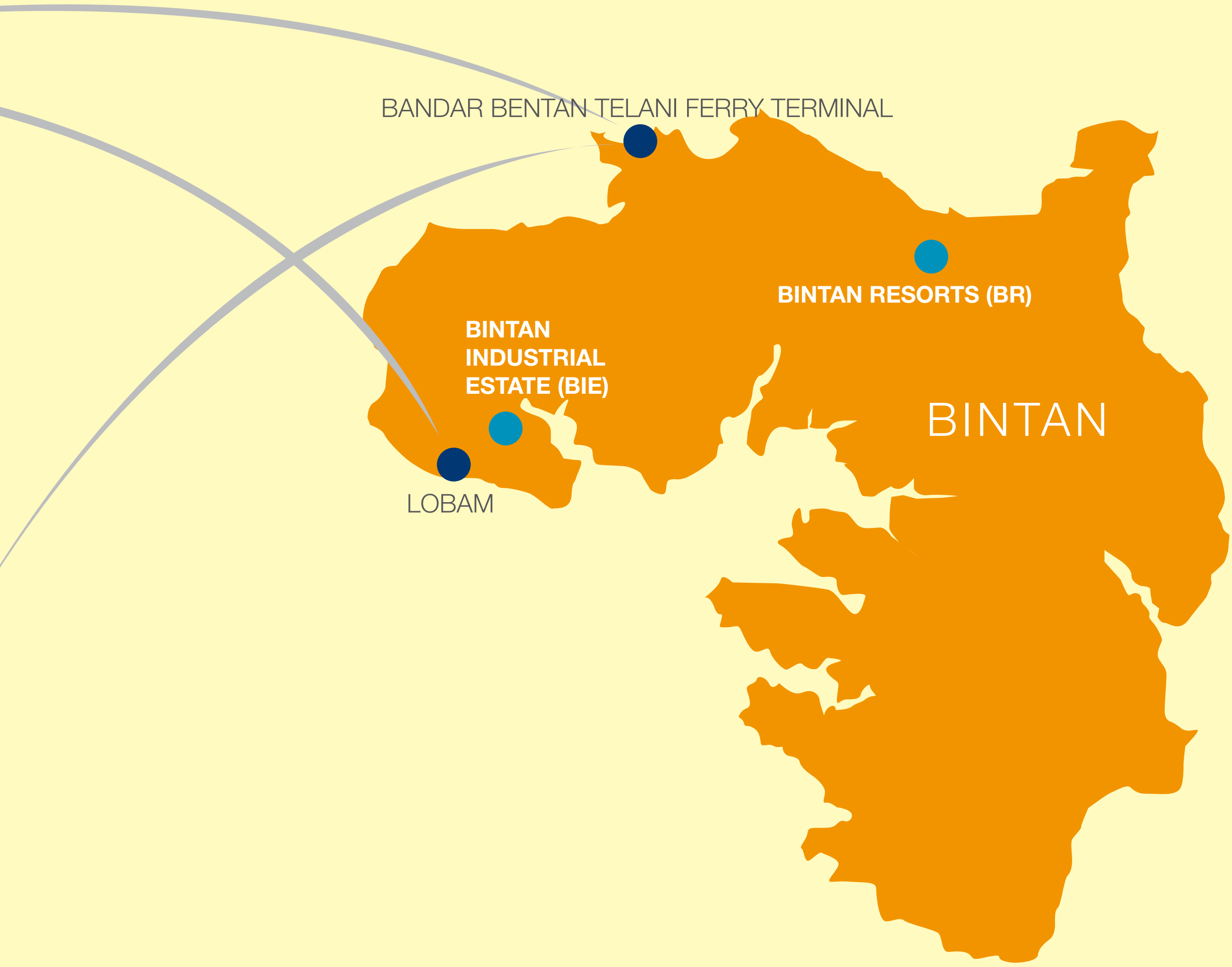
Gallant Venture Ltd is an investment holding company with a focus on regional growth opportunities, headquartered in Singapore. We are a commercial development and management group in the Riau Archipelago and an integrated master planner for industrial parks and resorts in Batam and Bintan.

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.

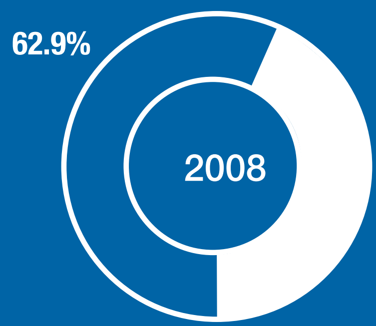
Our **Presence**




BANDAR BENTAN TELANI FERRY TERMINAL
BINTAN RESORTS (BR)
BINTAN INDUSTRIAL ESTATE (BIE)
BINTAN
LOBAM

Our **Core Businesses**

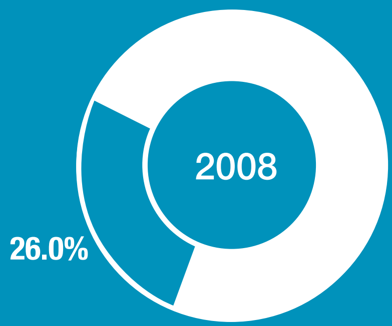
Utilities



Percentage of revenue contribution **62.9%**

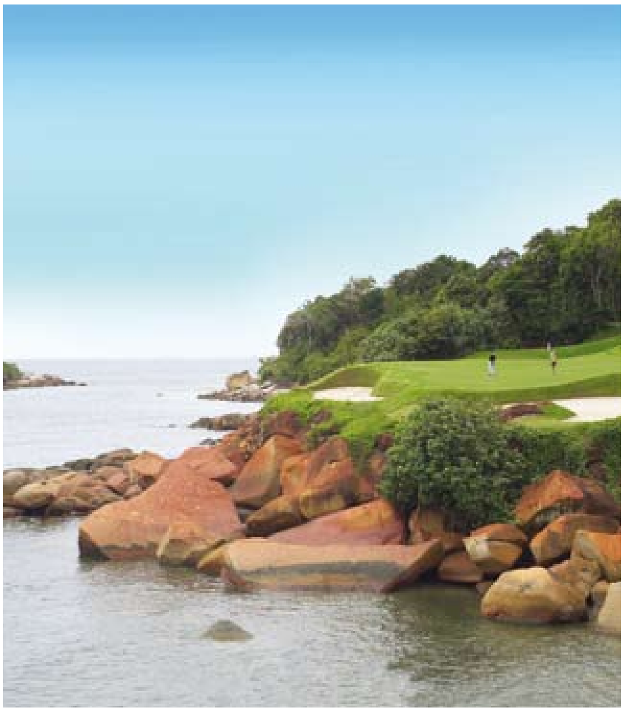
We provide power supply, water, telecommunication systems and waste management services in Batamindo Industrial Park, Bintan Industrial Estate and Bintan Resorts.

Industrial Parks

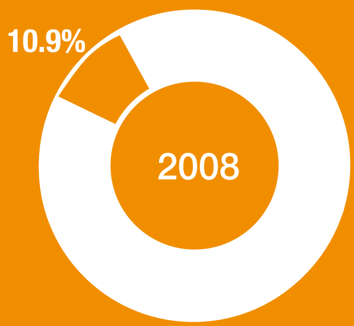


Percentage of revenue contribution **26.0%**

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



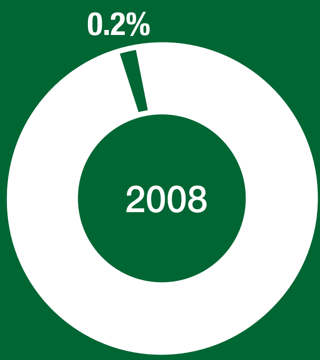
Resort Operations



Percentage of revenue contribution **10.9%**

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 **0.2%**

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

Powering Ahead

Businesses and establishments in Gallant Venture's developments are assured of a consistent, uninterrupted source of energy.

Gallant Venture is committed to providing a comprehensive and reliable network of infrastructure and utilities systems for our tenants throughout the day.

Our Operations: **Utilities**

Our Operations: **Utilities**

All our utilities systems are rigorously conditioned and maintained to ensure efficiency and efficacy.

As a leading master planner and operator of industrial parks and resorts in Batam and Bintan, we are focused on providing comprehensive, reliable and quality services to support our tenants in the area of utilities and infrastructure.

Gallant Venture operates and provides an integrated network of utilities in Batam and Bintan supplying electricity, telecommunications, water and waste management services to our industrial parks and Bintan Resorts.

Power

We have three power generation sites located in Batam and Bintan which have a combined installed capacity of 174 megawatts. These facilities have been designed with system redundancy to supply electricity and handle any potential power surges.

To provide our customers with 24-hour uninterrupted power supply, we have 19 dual-fuel generating units at Batamindo Industrial Park, six diesel generating units at Bintan Industrial Estate, and four diesel-fired generators at Bintan Resorts with an installed capacity of 130 megawatts, 20 megawatts and 24 megawatts respectively.

Over the last few years, we have invested over S$55 million in the upgrading of our power generation systems,

converting the Batam units to natural gas-diesel generators and the Bintan units to diesel generators. These conversions reduce our cost of electricity production as well as diversify the Group's energy risk.

To cater to the growing energy requirements, we are planning the development of a 2x30 megawatts coal-fired power plant to be constructed in Lobam, Bintan. The project diesel generators includes the construction of coal handling facilities at the port and transmission lines linking the new power plant to Bintan Resorts and Bintan Industrial Estate. This project is currently under the technical design phase.

Water

Gallant Venture also owns private water treatment plants to supply our tenants and businesses with clean treated water. Our plants are able to treat and supply approximately 26,800 cubic metres of water fit for human consumption per day. Water in Batam is sourced from two government-owned reservoirs at Muka Kuning and Duriangkang, and water resources in Bintan are from our own reservoirs located within the compound of Bintan Resorts and Bintan Industrial Estate.

Telecommunications

To provide our investors and tenants of our industrial parks and Bintan Resorts with uninterrupted, quality telecommunication services, we have 14,000 fixed line connections for broadband, IDD, fax, local and dedicated lease lines; a 100-metre high microwave tower that supplements the local authority's optical fibre networks; and an additional 3,000 lines to Bintan Industrial Estate and Bintan Resorts.

Waste Management

Our waste management business is comprised of sewage treatment plants and wastewater treatment facilities. We also own and operate sanitary landfills for the disposal of treated solid wastes and dedicated ponds at Bintan Resorts for the discharge of treated sewage to ensure that the treatment of sewage and wastewater adheres to the local authority's environmental standards.

Providing Complete Solutions

Gallant Venture runs and operates industrial parks in Batam and Bintan offering integrated solutions and a one-stop manufacturing environment.

Combining strategic locations, efficient trade channels and excellent logistics, our industrial parks offer complete solutions for businesses in various industries.

Our Operations: **Industrial Parks**

Our Operations: **Industrial Parks**

Tenants in our industrial parks have access to a complete range of business solutions and recreational amenities.

Gallant Venture adopts an integrated approach to industrial township development by providing a one-stop, world-class manufacturing environment for its industrial park tenants in Batam and Bintan.

Our industrial parks offer a competitively-priced environment and comprehensive services, including manpower resources and integrated supply chain services ranging from logistics, transshipment to housing and entertainment. Our tenants include businesses in the electrical, electronics, precision engineering, pharmaceuticals and resource-intensive industries. Currently, 436,043 square metres out of 541,151 lettable square metres have been taken up.

Batamindo Industrial Park

The Batamindo Industrial Park is among the first industrial parks in the Asia-Pacific region to be certified ISO 9001:2000 and ISO 14001, hallmarks of a manufacturing site that is efficient, cost-effective and environmentally friendly. Spanning over 320 hectares, the Batamindo Industrial Park has well-established infrastructure facilities such as water, electricity, telecommunications and waste management services, and round-the-clock security.

Batamindo Executive Village

Housing for executives is provided for at the Batamindo Executive Village which is just 15 minutes away from the Batamindo Industrial Park. The Batamindo Executive Village is designed with the elements of Riau-style architecture to give a distinctive local flavour. It includes the SouthLinks Country Club, a 21-hectare, S$110 million development which houses a world-class golf course, food & beverage outlets, spas and guest accommodation to cater to the recreation needs of our tenants and residents in the industrial park.

Bintan Industrial Estate

The Bintan Industrial Estate has a total lettable area of 106,264 square metres and houses various types of factory sizes such as terrace factories, semi-detached factories, detached factories and custom-built factories to meet the different production requirements of our tenants.

A key feature of the Bintan Industrial Estate is its exclusive port facilities, owned and managed by our subsidiary, PT Bintan Inti Industrial Estate (PT BIIE). This provides our tenants with quick and efficient clearance of incoming raw materials and the dispatch of finished products to regional and worldwide destinations. Other features of the port include an International Port of Call status, an integrated ferry terminal with a custom clearance office, and a cargo handling capacity of approximately 18,000 tonnes a year.

Reliable infrastructure

Our industrial parks enjoy the ease and convenience of reliable telecommunications networks. We have an extensive network of 14,000 lines for broadband, IDD, fax, local and dedicated lease lines to serve our tenants.

Gallant Venture owns and manages the power generation systems in Batam and Bintan which have a total installed capacity of 174 megawatts. Tenant communities are assured of reliable, uninterrupted 24/7 power supply generated by 19 dual-fuel generating units for the Batamindo Industrial Park, six diesel generating units for the Bintan Industrial Estate and four diesel-fired generators for Bintan Resorts.

Our utilities network also ensures that our tenants have access to safe and portable drinking water. We are able to offer our tenants the opportunity to apply for ISO 14001 certification by providing them with a well-managed and sound infrastructure that emphasizes life-cycle management of water, power and other resources used in industrial production.

Positioning for Growth

With a solid track record in resort management and operations behind us, Gallant Venture is actively positioning Bintan as a world-class resort destination for the international traveller and as a residence of choice for those seeking to make a home among tranquil beaches, unspoilt natural scenery and breathtaking views.

Our Operations: **Resort Operations**

Our Operations: **Resort Operations**

Bintan Resorts

Nestled within a gorgeous shoreline and lush greenery, Bintan Resorts is a lifestyle resort development and international tourist destination boasting pristine beaches and crystalline waters.

Strategic Proximity to Singapore

Bintan Resorts is located on the northern shores of Bintan island and is less than an hour by ferry from Singapore and 35 minutes from neighbouring Batam island. With its close proximity to Singapore, Bintan Resorts has been marketed as a twin resort holiday destination to complement the city-state of Singapore.

In 2008, Bintan Resorts welcomed close to 398,000 visitors, an increase of almost 20% compared to the previous year. To cater to the growing international market, Bintan Resorts offers a comprehensive integrated resort development featuring international standard resorts, residences, retail outlets, restaurants, entertainment and sea sport facilities.

World-class resorts and amenities

The current developed site spans over 3,000 hectares of land on the northern coast of Bintan and is currently home to 10 resorts and hotels.

These resorts include marquee names such as Banyan Tree and Club Med. Joining these names is leading boutique hotelier, Alila Hotels & Resorts which inked a deal in 2008 to build a luxury resort hotel in the Lagoi Bay area of Bintan Resorts.

Bintan Resorts has long been a favourite with holiday

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

makers for its beautiful beaches, relaxing soothing destination spas and wide range of recreational activities including water sports and adventure sports. In particular, Bintan Resorts is also known for its golf courses, one of which – the Ria Bintan Golf Club - has been consistently named among the top golf courses in Asia. Framed by gorgeous natural scenery, these golf courses are designed by the likes of luminaries such as Gary Player, Greg Norman, Ian-Baker Finch and Jack Niklaus.

Enhanced Access

As part of our efforts to enhance our existing fleet of three ferries and to further improve ride comfort and reduce traveling time to Bintan, the Group has ordered two new high-speed ferries. With a top speed of over 38 knots (and around 70 km/h), these ferries are expected to take on passengers to Bintan from mid 2009.

A new online ticketless reservation system has also been set up to enable easier reservations by agents and customers alike. This new online reservation system has since commenced operations.

To create further synergy, Gallant Venture also operates an in-house travel agency which offers tour packages and travel-related services such as incentive tour and seminar packages, eco-tourism, team building and leadership courses.

Reliable Infrastructure and Support

We provide a strong supporting infrastructure comprising an integrated range of services including medical services, staff housing, security, vector monitoring and fire fighting. We also provide estate and township maintenance such as road and drainage and operate a 24-hour crisis centre.

Creating Value

As the master planner of the integrated infrastructure, utilities, marketing and support services for Batam and Bintan, Gallant Venture is well-positioned to capitalize on our property development projects in the Riau archipelago.

By having management control and oversight in these areas, we are able to set clear directions and chart new pathways in moving forward. This flexibility has enabled us to be proactive in our approach and dynamic in our vision and create value for our investors.

Our Operations: **Property Development**

Our Operations: **Property Development**

In Bintan, the Group has earmarked approximately 14,000 hectares of land for the phased growth and development of residential, resort and commercial entities. In addition, there is another approximately 3,800 hectares of land for residential, industrial and commercial developments. Our vision is to increase and enhance Bintan's appeal as a destination not only for leisure and recreation but also as a superb place for residence.

Lagoi Bay Development

In 2007, the Group launched the Lagoi Bay Development, an integrated resort development located on the northern coast of Bintan. Sitting on a total land area of 1,300 hectares of prime land, the Lagoi Bay Development has been carefully master planned to complement the existing resorts and includes sites for hotel and resort developments, luxury residences, a marina, a golf course, a beach village with land for boutique hotels, spas and other lifestyle and retail outlets.

These sites are supported by our own infrastructure, including piped potable water, uninterrupted power and an up-to-date telecommunications network. Additional plans for a tourist airport, new high-speed ferries, a ferry terminal expansion, a new power plant and roads are also in the pipeline.

In May 2008, the Group held the official ground breaking of the Lagoi Bay Development. As of 31 December 2008, we have secured land orders of approximately S$67 million for this project. These new investments from different groups of investors range from property developers, mall operators, hotel developers in the region to private individuals seeking to build their residential villas.

Hotel and Resort Development

Apart from twelve prime beachfront sites for larger resort and hotel development, the Lagoi Bay Development also comprises a beach village as well as private residential sites.

Lagoi Beach Village

At the heart of the Lagoi Bay Development is the Lagoi Beach Village which is Asia's first master planned resort village. It offers 12 hectares of prime real estate for development in 211 individual land parcels.

At the centre of this Village will be the proposed Lagoi Beach Village Mall. Bounded by the South China Sea to the north and the man-made lake to the south, the shopping promenade will have a two-storey anchor mall of 15,000 square metres and will include pedestrian-friendly walkways, innovative water features and a gently undulating landscape with special lighting features.

Marina Facilities

A 22.5 hectare marina, located at the north-east corner of the Lagoi Bay development with a golf course in the background and spectacular views, is being planned with dedicated customs and immigration facilities on Bintan.

Aranya Residential Project

Perched on the hilltops with a panoramic view of the South China Sea, lakes and forests, the Aranya Lagoi Residences are a short walk away from the beach.

Strategically located near the Lagoi Beach Village Mall and the planned marina, the Aranya Lagoi Residences offer investors the choice of a tranquil haven set amidst tropical forests, clear aquamarine waters, and a bird's eye view of the world. Individual investors can choose from 53 residential lots earmarked for residential housing in the first phase.

Infrastructure and construction

To date, more than 10 kilometres of new construction and access roads through the Lagoi Bay development have been laid, and the first stage of infrastructure works for the first large-scale residential project has been substantially completed while new water, power, telecommunications and sewage lines will be progressively brought into the site.

Strong government support

Gallant Venture enjoys an excellent working relationship with the local authorities and community leaders in the Riau islands. To support and encourage investments, the Bintan Regency has issued a special regulation for all land in Bintan Resorts and Bintan Industrial Estate to be designated as a vital area of the region which enables it to be accorded special protection and privileges. In addition, the Regency has also established a one-stop service for all investment licensing and processing, making it easier for investors to invest in Bintan.

Corporate and **Social Responsibility**

Sharing the Spirit

Gallant Venture places great importance in corporate and social responsibility. Committed to preserving both the environment and the communities, our initiatives are aimed at encouraging and supporting the development and growth of the communities where we have a presence.

Corporate and **Social Responsibility**

At Gallant Venture, we are committed to improving the quality of life and standards of living of our local stakeholders through our business operations and community outreach. We believe in partnerships for long-term growth and sustainable economic development. To that end, we work closely with our stakeholders to achieve balance and harmony in our social and environmental ecosystems.

Developing social capital

We are a firm believer in the long-term benefits and far-reaching impact of education as an enabling and empowering tool for the development of human capital. We support the basic educational needs of children in our island communities by giving scholarships and bursaries through our Education Assistance Programme. In 2008, we gave out 359 scholarships and bursaries for students across various levels, ranging from primary school to college. We also promote economic literacy among the local talent pool by organising and conducting English language classes for local residents.

Community support projects

We work together with both the local population and overseas volunteer teams to help build schools, community halls and sports facilities; paint and renovate old buildings as well as provide free bus transportation services for students from lower-income families.

Our staff members distribute foodstuffs during the religious festivals and holidays, and celebrate significant religious ceremonies together with the local community authorities, leaders and village representatives. During the Muslim fasting month of Ramadan, we organise the breaking fast and prayer sessions, and contribute rice, instant noodles and goats for sacrificial religious offerings.

We work closely with our stakeholders to achieve balance and harmony in our social and environmental ecosystems.

Providing access to quality healthcare

As one of the largest employers in Batam and Bintan, we seek to provide our employees and other residents access to quality healthcare facilities and services. We continuously upgrade our facilities and improve our services to better serve the local communities. Every year, we organise medical and dental charity missions to provide free health and dental services to the villages within the vicinity of the various locations where we have a presence.

The number of patients who have benefited from our medical and dental services has increased from just over 100 in 1998 to close to 900 in 2008.

Caring for the environment

Environmental sustainability is a key concept underpinning the development of Bintan Resorts which enjoys a shoreline of about 100 km. Nature and culture tours include the Mangrove Discovery Tour that highlights the rich diversity of marine and plant life supported by Bintan's mangrove swamps. Bintan Resorts has also built a turtle hatchery on Bintan where we protect and nurture the eggs of the leatherback turtles, an endangered species that come to hatch on the beach.

As a master developer, we undertake an environmental assessment prior to the development of our sites to identify environmental issues that need to be incorporated into the master planning process. We work with our planners, architects, sub-contractors and site personnel to prevent pollution and harm to protected fauna and flora as a result of our development activities. Wherever possible, we take care to ensure that our development schemes preserve existing spaces and other features of value to the local communities.

Letter to **Shareholders**

Dear Fellow Shareholders,

2008 was a busy year for our company. We began with strong first half year results. Our Utilities and Industrial Parks divisions recorded steady results, our ferries in our Resort Operations showed a 19% increase year on year in the number of passengers arriving in Bintan, and our Property Development division showed a strong and growing order book. However the global financial and economic crisis has had an adverse impact on all our businesses during the third and fourth quarters of the year.

Utilities

Our Utilities business began 2008 with cost pressures from rapidly escalating fuel prices, and demands from our clients to moderate the resulting electricity tariff increases. We undertook a number of efficiency initiatives, including completion of the conversion of our 19 power generators at the Batamindo Industrial Park to dual fuel capability of natural gas or heavy fuel depending on supply costs. A similar conversion has been made in our Bintan Resorts power plant in northern Bintan, now allowing it to use either light or heavy fuel oil. We also carried out the initial feasibility and design works on our new coal fired power plant to be located in our Bintan Industrial Estate in southern Bintan.

The declining fuel prices in the second half of the year on the back of the worsening financial and economic crisis eased cost pressures on the business. However this was more than offset by declining demand for utility services as manufacturers in our industrial parks reduced production and therefore purchases of electricity and water services with sharply falling demand in global trade. Utility demand is expected to shrink as long as global trade remains at these low levels. Therefore we have been continuing with our efficiency efforts coupled with close monitoring of our customer demands to reduce the impact on our business, and we have postponed development of our coal fired power plant until the financing market improves.

Industrial Parks

Our Industrial Parks business has also had a mixed year. Early in the year we saw an increase in occupancy as manufacturers found us increasingly competitive in comparison to the rapidly increasing operational costs in China. Our core tenant base remains focused on the electrical, electronics and medical related industries. Unfortunately as global manufacturing contracts, demand for factory space is likely to fall. To date, our tenants have adjusted by reducing production schedules from three shifts to two, so we have not lost any rentals in our core tenant base. However, several garment-related tenants in our Bintan Industrial Estate have shifted out, as part of the macro trend of the garment industry moving out of Indonesia to countries with lower operating costs.

Our Industrial Parks marketing agent has been working hard on bringing new industrial clusters into our parks, and we hope they can be successful in 2009, despite a difficult business environment.

Resort Operations

Our Resort Operations Division had an exciting year with orders placed for two new high speed ferries scheduled for delivery in May 2009. The new ferries can cruise at 38 knots (approximately 70 km/h) compared to the current ferries speed of about 28 knots. The new ferries have the latest wave interceptor hardware which should significantly improve ride comfort especially during the choppy monsoon period and will also provide a dedicated separate business class section to cater to the increasingly affluent visitors Bintan is attracting.

During the year, Bintan also played host to a number of visiting celebrities and dignitaries as our reputation in the destination market increased. Overall visitor arrivals to Bintan also increased significantly during the year to 398,000 from 333,000 in 2007.

Property Development

In May we had the official Groundbreaking Ceremony of our Lagoi Bay Development project, attended by numerous dignitaries who enjoyed a wonderful dinner and party on the beach in Lagoi Bay. At the launch, we also announced S$45 million of additional land sales bringing our total order book to over S$67 million including a new shopping mall and two new hotel projects.

As the financial crisis worsened during the third and fourth quarters, some of our purchasers of land requested for delays for commencement and completion of construction. Accordingly, we had permitted all purchasers to delay commencement of construction by 12 months, and we have also shifted our timeline for delivery of completed infrastructure.

Several projects were completed during the course of the year. These include a new 65,000 square foot shophouse style development in our Town Center, a new 20,000 square foot shopping mall also in the Town Center, a new 3 hectare children's adventure zone and water sports center at our Reservoir, a new 100,000 square foot Resort Centre Complex (comprising bowling alleys, shopping mall, restaurants, health club, etc) at the Nirwana Resorts, and a S$3.5 million upgrade in the utility infrastructure in the Bintan Lagoon Resort. In addition the new Sahid Tourism and Hospitality School opened with its first class of 55 students.

Financial Results

Although our final results for the year were not as strong as in the preceding year, we remain in a good financial position, with strong cash flow as evidenced by our S$72 million in EBITDA and our conservative balance sheet with gross borrowings of S$86 million as at end 2008.

We should also highlight that in compliance with accounting standards, we do not recognize cash deposits on land sales in the Property Development Division until the final transfer of property title to the new owner, even though such receipts are not refundable. Since early 2008, we inform shareholders of our land sales order book, which represents sales contracts which have been entered into, pending completion of the sales transactions. Based on past experience, it takes about 18 to 24 months for completion after the initial contract. Hence, 2009 should result in the completion of some sales contracts entered into in 2008.

We thank you for your continued support, and we will work tirelessly to improve our company.

Sincerely,

Mr Lim Hock San
Non-Executive Chairman
Independent Director

Mr Eugene Park
Chief Executive Officer
Executive Director

Corporate **Structure**

Subsidiaries

100%
PT Batamindo Investment Cakrawala

60%
PT Batamindo Executive Village

95%
PT Batam Bintan Telekomunikasi

100%
PT Bintan Inti Industrial Estate

86.77%
PT Bintan Resort Cakrawala

90.74%
Bintan Resort Ferries Pte. Ltd.

90.74%
BRF Holidays Pte. Ltd.

100%
PT Buana Megawisatama

100%
PT Surya Bangunpertiwi

100%
PT Suakajaya Indowahana

100%
Batamindo Investments (S) Ltd.

100%
Bintan Resorts International Pte. Ltd.

100%
Verizon Resorts Limited

100%
Golf View Limited

100%
Crystal Grace International Limited

100%
Treasure Home Limited

100%
Win Field Limited

100%
Gallant Power & Resources Limited
(formerly known as Megarock Limited)

100%
Starhome Limited

Associated Companies

36%
Batamindo Carriers Pte. Ltd.

50%
PT Soxal Batamindo Industrial Gases

30%
Batamindo Medical Management Pte. Ltd.

Financial **Highlights**

	FY 2008	FY 2007
Income Statement		
(in S$ million)		
Revenues	225.2	234.3
Earnings Before Interest,Tax, Depreciation and Amortisation (EBITDA)	72.4	86.6
Earnings Before Interest and Tax (EBIT)	16.6	28.8
Earnings After Tax Attributable to Shareholders	0.6	14.7
Segmental revenue		
(in S$ million)		
Utilities	141.6	137.2
Industrial Parks	58.5	56.7
Resort Operations	24.6	26.5
Property Development	0.5	13.9
EBITDA by segment		
(in S$ million)		
Utilities	46.1	44.5
Industrial Parks	39.3	41.1
Resort Operations	(2.6)	(0.1)
Property Development	(5.3)	5.5
Corporate	(5.0)	(4.4)
Balance Sheet		
(in S$ million)		
Cash and Cash Equivalents (include restricted cash)	89.9	84.9
Investment Properties	295.2	317.6
Land and Other Inventories	565.5	557.0
Trade and Other receivables	70.6	62.1
Total Assets	1,463.8	1,477.7
Total Borrowings	85.9	99.3
Shareholders' Equity	1,246.5	1,246.2
Cash Flow		
(in S$ million)		
Net Cash generated from Operating Activities	37.5	91.2
Net Cash used in Investing Activities	(18.9)	(30.7)
Net Cash used in Financing Activities	(21.8)	(45.7)
Net (decrease)/increase in Cash and Cash equivalents	(3.2)	14.7
Consolidated Capital Expenditures (In S$ million)	24.1	30.7
Financial Ratios		
Current Ratio	6.6	6.0
Debt-to-Equity Ratio (Gross Debt)	6.9%	8.0%
Debt-to-Equity Ratio (Net Debt/(Cash))	(0.3%)	1.2%
EBITDA Margin	32.1%	37.0%
Return on Equity	0.04%	1.18%
Return on Assets	0.04%	1.00%
Stock Information		
(in S$ except as indicated)		
Stock Price - Year-end	0.120	0.975
Market Capitalization as at 31 December (S$' billion)	0.289	2.352
NAV per Share (cents)	51.67	51.66
Earnings per Share - basic and diluted (cents)	0.02	0.61

Financial **Review**

The year 2008 was a challenging year for the Group. We continued our focus on building up our Property Development business through the development and marketing of the Lagoi Bay project in Bintan while sustaining our Utilities and Industrial Parks businesses. From the launch of Lagoi Bay project in May 2008 till the end of the financial period under review, the Group has secured a land sales order book of S$67.1 million.

The deepening global economic crisis has affected investment sentiments in this region. Investment sentiment in Bintan has weakened and the crisis has affected some of the tenants in our industrial parks. For the financial year ended 31 December 2008 (FY2008), the Group reported a revenue of S$225.2 million as compared to FY2007's S$234.3 million from its four lines of business. The Utilities division continued to be the strongest contributor, generating a 3.2% increase in revenue from S$137.2 million in FY2007 to S$141.6 million in FY2008 followed by the Industrial Parks division which accounted for S$58.5 million in FY2008 as compared to FY2007's S$56.7 million. The Resort Operations and Property Development divisions contributed revenues of S$24.6 million and S$0.5 million respectively in FY2008 as compared to FY2007's S$26.5 million and S$13.9 million respectively.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for the Group for FY2008 was S$72.4 million. Of the four divisions, the Utilities division contributed the highest at S$46.1 million followed by Industrial Parks division which accounted for S$39.3 million of the EBITDA. Resort Operations, Property Development and Corporate divisions contributed negative EBITDA of S$2.6 million, S$5.3 million and S$5.0 million respectively in FY2008.

Due to the weakening global economic conditions which slowed down our land sales tremendously and coupled with the slowdown in our Resort Operations business, the Group's net profit was S$0.6 million as compared to FY2007's S$14.7 million.

As at 31 December 2008, the Group's cash and cash equivalents (included restricted cash) increased from FY2007's S$84.9 million to S$89.9 million as the Group preserved its cash for potential investments while borrowings reduced from FY2007's S$99.3 million to S$85.9 million in FY2008. Net cash was S$4.0 million representing a low gearing for the Group.

Basic and diluted EPS for the period under review were 0.02 cents. The Group's NAV per share as at end of FY2008 was 51.67 cents.

The total capital expenditure for the year amounted to S$24.1 million, mainly due to S$16.7 million constructions-in-progress for new ferries, development works at Lagoi Bay in Bintan, upgrading of power plants and infrastructure in the industrial parks.

Utilities

The Utilities division reported a 3.2% higher turnover of S$141.6 million and a 24.2% increase in earnings before interest and tax (EBIT) of S$30.3 million in FY2008 as compared to FY2007's turnover and EBIT of S$137.2 million and S$24.3 million respectively.

The Group has progressively increased its electricity tariff so to recoup the escalating fuel cost that has resulted in higher power generation cost for utility business. With its diversified energy sources and effective power generation management, the Utilities division contributed positively to the Group. At present, PT Batamindo Investment Cakrawala (PT BIC) operates 19 dual-fuel gas-fired generators. PT Bintan Inti Industrial Estate (PT BIIE) and PT Bintan Resort Cakrawala (PT BRC) operate six and four generators respectively which use both light and heavy fuel for power generation.

To further mitigate energy pricing risk, the Group has undertaken a study to diversify its power generation by using coal fired power. To-date, PT BIIE has invested approximately S$0.7 million in the preliminary evaluation of the coal fired power plant project.

Industrial Parks

Turnover from the Industrial Parks division for FY2008 was S$58.5 million compared to FY2007's S$56.7 million. The higher revenue was mainly due to sale of two factory buildings in Batamindo Industrial Park (BIP) to its industrial tenants for S$4.5 million. Earnings before tax and interest (EBIT) was S$7.2 million in FY2008 as compared to FY2007's S$11.4 million. Collectively, our industrial parks in Batam and Bintan registered a healthy take-up rate of 81%.

Our BIP has seen an increase in new leases of 26,520 square metres in FY2008 which contributed to net new leases of 18,918 square metres for FY2008 as compared to previous year's 2,157 square metres. However, our Bintan Industrial Estate (BIE) has experienced a slowdown as some tenants scaled down their operations.

Overall, the Industrial Parks business continued to contribute positively to the Group.

Resort Operations

Bintan Resorts continued to be a preferred destination for a holiday gateway.

In 2008, there were approximately 397,833 visitors to Bintan Resorts of which visitors from Singapore formed the single largest arrival market with a 28% market share. The Indonesia, Korea and Japanese arrivals have also grown to 21%, 8% and 6% respectively. Furthermore, we enjoyed healthy arrival numbers from emergent markets from other parts of Asia such as China, India, and Malaysia. We also saw growing number of visitors from the UK and Australia.

The Resort Operations division also witnessed a higher ferry utilization rate of approximately 70% during the peak season. However, the ferry business came under tremendous cost pressure due to fast escalating marine fuel cost.

The division currently supports four resort operators with 10 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 loss before interest and tax of S$9.5 million with a turnover of S$24.6 million.

The Group has invested in two new generation ferries that run on approximately 38 knots, which will be operational in second quarter of 2009. The new investments will reduce traveling time, improve ride comfort and cater to the growing demand for Bintan Resorts.

Property Development

The slowdown in the global economy has impacted investments in Bintan. In FY2008, the division's revenue was S$0.5 million in FY2008 as compared to FY2007's S$13.9 million. The division registered a net loss before interest and tax of S$6.3 million in FY2008.

The Group has started to execute its development master plan at Lagoi Bay spanning 1,300 hectares 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. The Group has completed tender documentation for infrastructure development (i.e. road, water, power and telecommunication) in Lagoi Bay and construction of Lagoi Bay Village.

With a tightening credit market, the Group witnessed slowing land sales for resort and commercial developments. As at 31 December 2008, the land book order was S$67.1 million.

Board of Directors

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 chairman of Ascendas Pte Ltd and National Council on Problem Gambling, and also a board director of Keppel Corporation Limited, Interra Resources Limited and Indofood Agri Resources Limited. 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.

Mr Gianto Gunara
Executive Director
Mr Gunara is currently Director of Business Operations at Bintan Resorts International Pte Ltd, Vice-President Director of PT Batamindo Executive Village and President Director of PT Alam Indah Bintan. 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 23 years of industry experience having worked with Haagtechno BV – Den Bosch in Holland, Hagemeyer NV in Singapore, 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 overseeing the Sembcorp Group's activities in Indonesia and Vietnam. Concurrently, she is the Executive Chairman of Sembcorp Industrial Parks responsible for spearheading industrial park developments 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 has completed Harvard Business School'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, Executive Chairman of Bintan Resorts International Pte Ltd, Chairman of Bintan Resort Ferries, and Director of PT BMW. He has served as a director on the boards of Chartered Firearms Industries Pte Ltd from 1994 to 1996, Singapore Commuter Pte Ltd from 1991 to 1993, and Vickers Capital Ltd from 1984 to 1990. BG (Ret) Chin was also the Chairman of Singapore Pools (Pte) Ltd from 2002 to 2004, and Executive Director of Singapore Discovery Centre Limited from 1996 to 2008. He is a receipient of the Singapore Government Public Administration Medal (Silver) in 1983.

Mr Rivaie Rachman

Independent Director

Mr Rivaie Rachman is presently the Independent Director of Riau Development Bank and Surya Dumai Palmoil Plantation & Industry Group in Indonesia. He was also the Vice Governor of Riau Province from 1994 to 1999; Head of Riau Economic Planning Board for 10 years; Head of Riau Investment Coordination Board for six years and President Director of Riau Development Bank from 1965 to 1968.

Mr Foo Ko Hing

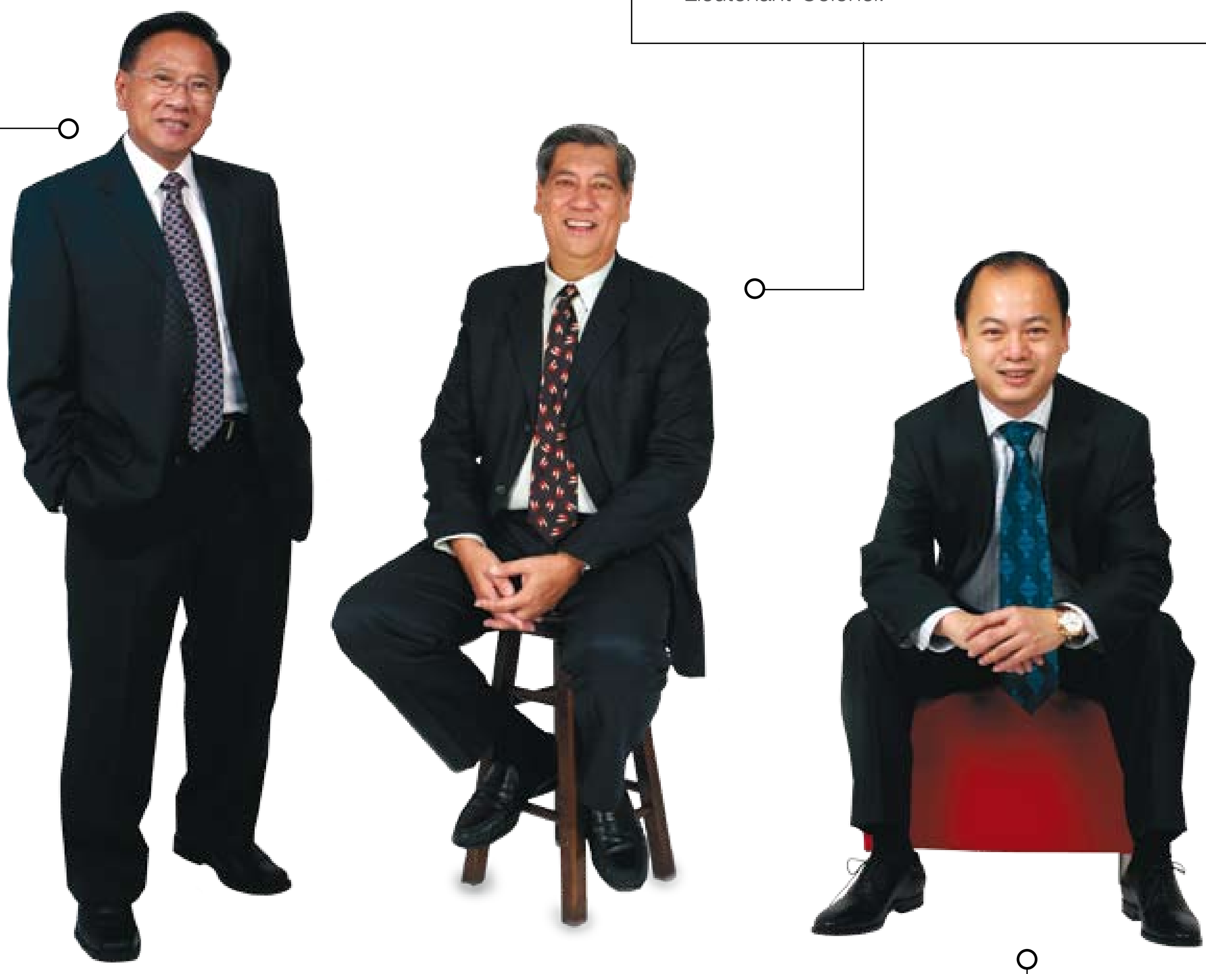
Independent Director

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 1984 holding positions in various departments including the Joint Riau Development Project 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 SembCorp Group. He brings with him over 15 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 served a 30-year stint in the Singapore Armed forces, rising to the rank of Colonel, and a follow on two-year tenure with Defence Science and Technology Agency as a Project Officer.

Sean Monaghan
The Director of Business Development for the Group, Mr Sean Monaghan is responsible for the strategic positioning of and for attracting potential investors to Bintan Resorts. Mr Monaghan joined the Group in October 2008 and prior to this, he was with Genting International and responsible for investor relations and business strategy. Mr Monaghan was also a senior financial analyst at Merrill Lynch in Singapore and holds an Executive MBA from the Australian Graduate School of Management (AGSM), University of New South Wales.

Mook Sooi Wah
Mr Mook joined PT Batamindo Investment Cakrawala in 2003 as Senior Finance Manager and he was subsequently promoted to the position of Assistant General Manager of the Finance Division in the Industrial Park Group. He is responsible for the financial matters in PT Batamindo Investment Cakrawala and PT Bintan Inti Industrial Estate. Mr Mook joined SembCorp Parks Management in 1997 as the head of finance department in the Wuxi Industrial Park, China. Prior to SembCorp Parks Management, he held finance related positions in Informatics Holdings Ltd and Royal Selangor Pte Ltd.

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 Consultant 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.

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

Mr Kon Yin Tong
Date of Appointment: Since financial period ended
31 December 2008

PRINCIPAL BANKER

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

REGISTERED OFFICE

991A Alexandra Road
#02-06/07
Singapore 119969

COMPANY REGISTRATION NUMBER

200303179Z

Key **Management**

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 lecturer 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 the Group. He was previously the General Manager (Operations) of 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.

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.

Statement of Corporate Governance

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 2008: -

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

* Attended the meeting as invitee

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 2008.

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 52 and 53 of this annual report.

Statement of Corporate Governance

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;
- Ensuring 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 Hock San 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.

The NC has conducted an annual review of the independence of the Independent Directors, using the criteria of independence in the Code, and has determined that they are independent.

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 2008 are as follows:

	Number of Directors	
	2008	**2007**
$500,000 and above	**–**	–
$250,000 to $499,999	**3**	3
Below $249,999	**4**	4
Total	**7**	**7**

The summary compensation paid to the Directors and top five key executives of the Group during the financial year ended 31 December 2008 is set out below:

Directors	Salary	Bonus	Directors' Fee	Allowances and Other Benefits	Total Compensation
	%	%	%	%	%
$250,000 to $499,999					
Eugene Cho Park Executive Director and Chief Executive Officer	70	23	7	–	100
Gianto Gunara Executive Director	69	17	14	–	100
BG (Ret) Chin Chow Yoon Non-Executive Director	70	22	8	–	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	72	23	–	5	100
Below $250,000					
Chow Yew Meng	73	22	–	5	100
Johannes Sulistijawan Surjaatmadja	63	20	–	17	100
Malcolm Alphonso	72	17	–	11	100
Wee Guan Yak	73	18	–	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 $150,000 during the financial year ended 31 December 2008.

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 borned 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 group auditor annually. The AC, having reviewed the range and value of non-audit services performed by the group auditor, 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 auditor. The AC recommended that Foo Kon Tan Grant Thornton be nominated for re-appointment as group auditor at the forthcoming AGM.

The AC had also reviewed the appointment of the external auditors of those subsidiaries who are not Foo Kon Tan Garnt Thornton and are satisfied that such appointment would not compromise the standard and effectiveness of the audit.

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's and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

In line with continuous obligations of the Company pursuant to the SGX-ST's Listing Rules, the Board's policy is that all shareholders be informed of all major developments that impact the Group.

Information is disseminated to shareholders on a timely basis through:

(a) SGXNET announcements and news release;

(b) Annual Report prepared and issued to all shareholders;

(c) Press releases on major developments of the Group;

(d) Notices of and explanatory memoranda for AGM and extraordinary general meetings ("EGM"); and

(e) Company's website at www.gallantventure.com which shareholders can access information on the Group.

The Company's AGMs are the principal forums for dialogue with shareholders. The Chairmen of the Audit, Remuneration and Nominating Committees are normally available at the 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 2008 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)
	$'000	$'000
PURCHASES		
Sembcorp Parks Management Pte Ltd	–	6,356
PT Herwido Rintis	–	276
Riau Infrastructure Management Services Pte Ltd	–	200
PT Tunas Karya Indoswasta	–	470
Island Leisure International Pte Ltd	–	248
PT Asuransi Central Asia	–	168
PT Alam Indah Bintan	–	986

Statement of Corporate Governance

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)
	$'000	**$'000**
Ascendas Investment Pte Ltd	–	253
Singapore Technologies Industrial Corporation Pte Ltd	–	300
SALES		
PT Alam Indah Bintan	–	(4,565)
PT Straits CM Village	–	(3,440)
PT Tunas Karya Indoswasta	–	(508)

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 financial year ended 31 December 2008

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 2008.

Names of Directors

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

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 Foo Ko Hing	(Independent Director)
Mr 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 registered in the name of director or nominee		**Number of ordinary shares in which director is deemed to have an interest**		
	As at 1.1.2008	**As at 31.12.2008 and 21.1.2009**	As at 1.1.2008	**As at 31.12.2008**	**As at 21.1.2009**
The Company					
Eugene Cho Park	–	**100,000**	627,293,350	**594,011,738**	**657,011,738**
Gianto Gunara	–	**100,000**	–	**-**	**-**

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 26 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:

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

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 2008 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 2008. 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.

Auditor

The auditor, Foo Kon Tan Grant Thornton, Certified Public Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

EUGENE CHO PARK

GIANTO GUNARA

Dated: 28 February 2009

Statement by Directors

In the opinion of the directors,

(a) the accompanying balance sheet of the Company and consolidated financial statements of the Group, 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 2008 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

(b) 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: 28 February 2009

Independent Auditors' Report

to the Member 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 2008, which comprise the balance sheets of the Company and the Group as at 31 December 2008, 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.

Management's Responsibility for the Financial Statements

Management is 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:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditor's 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 as to 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 auditor's 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 auditor considers 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 management, 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 2008 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan Grant Thornton
Public Accountants and
Certified Public Accountants

Singapore, 28 February 2009

Balance Sheets

As at 31 December 2008

	Note	The Company 2008 $'000	The Company 2007 $'000	The Group 2008 $'000	The Group 2007 $'000
Assets					
Non-Current					
Intangible assets	4	**7**	6	**1,483**	1,448
Property, plant and equipment	5	**343**	171	**368,879**	380,714
Investment properties	6	**–**	–	**295,209**	317,577
Subsidiaries	7	**1,207,642**	1,207,642	**–**	–
Associated companies	8	**–**	–	**802**	953
Other investments	9	**–**	–	**–**	–
Deferred tax assets	10	**–**	–	**6,507**	7,669
Loan receivable	11	**–**	–	**62,046**	62,046
Other non-current assets	12	**–**	–	**2,944**	3,366
		1,207,992	1,207,819	**737,870**	773,773
Current					
Land inventories	13	**–**	–	**549,918**	546,481
Other inventories	14	**–**	–	**15,588**	10,503
Trade and other receivables	15	**102,285**	88,211	**70,593**	62,067
Cash and bank balances	16	**1,124**	1,747	**89,867**	84,915
		103,409	89,958	**725,966**	703,966
Total assets		**1,311,401**	1,297,777	**1,463,836**	1,477,739
Equity and liabilities					
Share capital	17	**1,207,642**	1,207,642	**1,207,642**	1,207,642
Translation reserves		**–**	–	**(980)**	(730)
(Accumulated losses)/retained profits		**(1,980)**	(16,635)	**39,859**	39,302
Equity attributable to equity holders of the Company		**1,205,662**	1,191,007	**1,246,521**	1,246,214
Minority interests		**–**	–	**30,990**	32,606
Total equity		**1,205,662**	1,191,007	**1,277,511**	1,278,820
Liabilities					
Non-Current					
Deposits from tenants/golf membership	18	**–**	–	**36,100**	36,045
Employee benefits liabilities	19	**–**	–	**5,527**	5,928
Deferred tax liabilities	20	**–**	–	**583**	557
Loans and borrowings	21	**34,420**	34,000	**34,420**	38,200
		34,420	34,000	**76,630**	80,730
Current					
Trade and other payables	22	**3,573**	3,224	**50,617**	48,192
Current tax payable		**–**	–	**7,637**	8,923
Loans and borrowings	21	**67,746**	69,546	**51,441**	61,074
		71,319	72,770	**109,695**	118,189
Total liabilities		**105,739**	106,770	**186,325**	198,919
Total equity and liabilities		**1,311,401**	1,297,777	**1,463,836**	1,477,739

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

Consolidated Income Statement

For the financial year ended 31 December 2008

	Note	**Year ended 31 December 2008 $'000**	Year ended 31 December 2007 $'000
Revenue	3	**225,173**	234,304
Cost of sales		**(167,984)**	(167,477)
Gross profit		**57,189**	66,827
Other income	23	**6,100**	10,387
General and administrative expenses		**(9,847)**	(6,312)
Other operating expenses	24	**(33,065)**	(35,621)
Share of associated companies' profits		**330**	97
Finance costs	25	**(2,778)**	(5,673)
Profit before taxation	26	**17,929**	29,705
Taxation	28	**(18,866)**	(13,889)
(Loss)/profit after taxation		**(937)**	15,816
Attributable to:			
- Equity holders of the Company		**557**	14,720
- Minority interests		**(1,494)**	1,096
		(937)	15,816
Basic and diluted earnings per share (in cents)	29	**0.02**	0.61

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 financial year ended 31 December 2008

	Share capital $'000	Translation reserves $'000	Retained profits $'000	Attributable to equity holders of the Company $'000	Minority interests $'000	Total equity $'000
Balance at 1 January 2007	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 loss 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	–	(1,383)	14,720	13,337	981	14,318
On acquisition of subsidiaries	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**
Currency translation difference	**–**	**(250)**	**–**	**(250)**	**(122)**	**(372)**
Net loss recognised directly in equity	**–**	**(250)**	**–**	**(250)**	**(122)**	**(372)**
Net profit/(loss) for the year	**–**	**–**	**557**	**557**	**(1,494)**	**(937)**
Total recognised income and expense for the year	**–**	**(250)**	**557**	**307**	**(1,616)**	**(1,309)**
Balance at 31 December 2008	**1,207,642**	**(980)**	**39,859**	**1,246,521**	**30,990**	**1,277,511**

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2008

	Year ended 31 December 2008 $'000	Year ended 31 December 2007 $'000
Cash Flows from Operating Activities		
Profit before taxation	**17,929**	29,705
Adjustments for:		
Amortisation of intangible assets	**150**	95
Depreciation of property, plant and equipment and investment properties	**55,622**	57,721
Currency translation difference	**(913)**	(1,478)
Gain on sale of investment property	**(1,584)**	–
Loss/(gain) on disposal of property, plant and equipment	**45**	(65)
Share of associated companies' profits	**(330)**	(97)
Impairment of trade and other receivables	**894**	1,519
Allowance for inventories obsolescence	**623**	–
Provision for employees' benefits	**1,048**	1,381
Interest expense	**2,778**	5,673
Interest income	**(4,117)**	(6,589)
Operating profit before working capital changes	**72,145**	87,865
(Increase)/decrease in land inventories	**(3,437)**	4,530
(Increase)/decrease in other inventories	**(5,708)**	2,229
(Increase)/decrease in operating receivables	**(9,419)**	7,848
Increase in operating payables	**3,532**	16,006
Cash generated from operating activities	**57,113**	118,478
Income tax paid	**(17,527)**	(23,755)
Employee benefits paid	**(914)**	(215)
Interest paid	**(5,349)**	(6,362)
Interest received	**3,461**	4,613
Deposits received/(refunded) to tenants/golf members	**711**	(1,577)
Net cash generated from operating activities	**37,495**	91,182
Cash Flows from Investing Activities		
Net outflow from acquisition of subsidiaries (Note A)	**–**	–
Acquisition of intangible assets	**(185)**	(253)
Acquisition of property, plant and equipment (Note B)	**(22,145)**	(26,660)
Acquisition of investment properties	**(1,819)**	(3,993)
Dividend from associated company	**330**	90
Proceeds from disposal of property, plant and equipment	**34**	114
Proceeds from sale of investment property	**4,500**	–
Deposits refunded/(paid)	**422**	(30)
Net cash used in investing activities	**(18,863)**	(30,732)
Cash Flows from Financing Activities		
Proceeds from bank borrowings	**19,464**	3,106
Repayment of bank borrowings	**(33,077)**	(46,406)
Increase in fixed deposits pledged with a bank	**(8,137)**	(2,368)
Dividends paid to minority interests	**(67)**	(77)
Net cash used in financing activities	**(21,817)**	(45,745)
(Decrease)/increase in cash and cash equivalents	**(3,185)**	14,705
Cash and cash equivalents at beginning of year	**81,639**	66,934
Cash and cash equivalents at end of year (Note 16)	**78,454**	81,639

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

Consolidated Cash Flow Statement (cont'd)

For the financial year ended 31 December 2008

Note A : Acquisition of subsidiary

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

	Year ended 31 December 2007 $'000
Assets acquired	–
Less: Liabilities assumed	–
	–
Minority interests	1,266
Net assets	1,266
Goodwill	1,164
Excess of fair value of assets and liabilities over purchase consideration	–
Total purchase consideration	2,430
Less:	
Purchase consideration satisfied by issue of shares	2,430
Cash and cash equivalents acquired	–
Net cash outflow from acquisition of subsidiaries	–

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

Note B : Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $22,251,000 (2007 - $26,660,000) of which $106,000 (2007 - $Nil) was acquired by means of finance leases. Cash payment of $22,145,000 (2007 - $26,660,000) were made to purchase property, plant and equipment.

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 2008 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 991A Alexandra Road #02-06/07, Singapore 119969.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in 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 otherwise stated 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

The Group has exposure to income taxes in several jurisdictions. 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 2008 amounted to $5,527,000.

Impairment of trade and other receivables

The identification of doubtful debts requires the use of significant judgement and estimates. The Group provides allowance 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 of doubtful debts as of 31 December 2008 amounted to $12,466,000. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

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 2008 is $368,879,000. 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 2008, 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 $21 million and gross margin contribution of 73% 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.

Impairment of investment in subsidiaries

Determining whether investment in subsidiaries is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investment based on such estimates and determined that no allowance for impairment of investment in subsidiaries is deemed required.

2(b) Interpretations and amendments to published standards effective in 2008

On 1 January 2008, 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:

FRS 101	First-time Adoption of Financial Reporting Standards
FRS 23	Borrowing Costs
FRS 108	Operating Segments
INT FRS 29	Disclosure - Service Concession
INT FRS 104	Determining whether an Arrangement contains a Lease
INT FRS 112	Service Concession Arrangements
INT FRS 113	Customer Loyalty Programmes
INT FRS 114	FRS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirement and the Interaction

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.

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:

		Effective date (Annual periods beginning on or after)
FRS 1 (Revised)	Presentation of Financial Statements	01.01.2009
FRS 2 (Amendment)	Inventories	01.01.2009
FRS 7 (Amendment)	Cash Flow Statements	01.01.2009
FRS 8 (Revised)	Accounting Policies, Changes in Accounting Estimates and errors	01.01.2009
FRS 11 (Amendment)	Construction Contracts	01.01.2009
FRS 16 (Revised)	Property, Plant and Equipment	01.01.2009
FRS 19 (Amendment)	Employee Benefits	01.01.2009
FRS 23 (Revised)	Borrowing Costs	01.01.2009
FRS 27 (Revised)	Consolidated and Separate Financial Statements	01.01.2009
FRS 32 (Amendment)	Financial Instruments: Disclosure and Presentation	01.01.2009
FRS 33 (Amendment)	Earnings per Share	01.01.2009
FRS 34 (Amendment)	Interim Financial Reporting	01.10.2009
FRS 36 (Revised)	Impairment of Assets	01.01.2009
FRS 38 (Revised)	Intangible Assets	01.01.2009
FRS 39 (Amendment)	Financial Instruments: Recognition and Measurement	01.07.2008
FRS 101 (Amendment)	First-time Adoption of Financial Reporting Standards	01.01.2009
FRS 102 (Amendment)	Share-based Payment	01.01.2009
FRS 105 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations	01.01.2009

2(c) FRS/INT FRS issued but not effective (cont'd)

		Effective date (Annual periods beginning on or after)
FRS 107 (Amendment)	Financial Instruments: Disclosures	01.07.2008
FRS 108	Operating Segments	01.01.2009
INT FRS 101 (Amendment)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	01.01.2009
INT FRS 116	Hedges of a Net Investment in Foreign Operation	01.10.2008
INT FRS 117	Distribution of Non-cash Assets to Owners	01.07.2009

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.

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

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, if there are any indicators of impairment. Indefinite life intangibles 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.

Goodwill

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.

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; and this is reviewed annually at the end of each the financial year.

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

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

	Years
Leasehold land	15 - 80
Land improvements	20
Landfill	3
Building and infrastructures	3 - 30
Golf course	36 - 45
Utilities plant and machinery	3 - 30
Machinery and equipment	3 - 15
Vessels and ferry equipment	4 - 15
Working wharf	3
Transportation equipment and vehicles	3 - 7
Medical equipment	7
Furniture, fixtures and equipment	1.5 - 10
Office equipment	2 - 5
Resort equipment	3 - 5
Reservoir	30
Telecommunication equipment	10 - 30
Leasehold improvements	5

Construction in progress is stated at cost. The accumulated costs will be reclassified to the appropriate property, plant and equipment account when the construction is substantially completed and the asset is ready for its intended use. No depreciation is provided on construction in progress.

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.

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

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 similar to that for property, plant and equipment. Such costs include 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, as applicable for each investment property.

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.

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

For the purposes of consolidation, subsidiaries are those entities over whose financial and operating policy decisions the Group controls. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether there is control.

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

Associated companies

Associated companies are those entities not being subsidiaries 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. Allowance 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 Group'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.

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

Land inventories

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

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 for sale. 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.

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.

Financial assets

<u>Classification</u>

The Group classifies its 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 2008, 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 cash at bank, loan receivable and trade and other receivables (excluding prepayment and deposits) on the balance sheet.

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

Financial assets (cont'd)

Classification (cont'd)

(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 2008, 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 the assets within 12 months after the balance sheet date. Investments in unquoted equity shares are classified as available-for-sale financial assets.

Recognition and derecognition

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

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

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

(iii) the Group has transferred substantially all risks and rewards of ownership.

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. Where fair value of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.

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

Golf membership

Golf membership is measured initially at cost. Subsequent to initial recognition, golf membership is stated at cost less any accumulated impairment losses.

The carrying value of golf membership is reviewed annually for impairment when an indicator of impairment arises during the reported period indicating that the carrying value may not be recoverable.

Cash and cash equivalents

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

Financial liabilities

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

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in the income statement. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

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. Interest expense is chargeable on the amortised cost 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 were 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

<u>Pension obligations</u>

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.

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

Employee benefits (cont'd)

Pension obligations (cont'd)

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.

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, including those arising on investment in subsidiaries except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences to the extent that they will be able to be utilised against future taxable income.

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.

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the subsidiaries' 5 years projections, which is adjusted for significant non-taxable incomes and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in numerous jurisdictions in which the Group operates are also carefully taken into consideration.

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

Income taxes (cont'd)

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.

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 costs to sell and value in use.

For the purpose of assessing impairment 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:

Sales of land and building

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 using the effective interest method.

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, 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 transactions dates. At the reporting date, assets and liabilities are translated from foreign currencies to Singapore dollars at the exchange rate at balance sheet date and income statements are translated at the average rate for the year.

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 at 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 subsidiaries 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 subsidiaries 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 35.

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. Analysis by geographical segments is not presented as the Group operates in one country, Indonesia.

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 34.

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 2007	–	31	31
Additions	–	–	–
At 31 December 2007	**–**	**31**	**31**
Additions	**–**	**9**	**9**
At 31 December 2008	**–**	**40**	**40**
Accumulated amortisation			
At 1 January 2007	–	17	17
Amortisation for the year	–	8	8
At 31 December 2007	**–**	**25**	**25**
Amortisation for the year	**–**	**8**	**8**
At 31 December 2008	**–**	**33**	**33**
Net book value			
At 31 December 2008	**–**	**7**	**7**
At 31 December 2007	–	6	6

The Group	Goodwill $'000	Computer software $'000	Total $'000
Cost			
At 1 January 2007	–	265	265
On acquisition of subsidiary	1,164	–	1,164
Additions	–	253	253
At 31 December 2007	**1,164**	**518**	**1,682**
Additions	**–**	**185**	**185**
At 31 December 2008	**1,164**	**703**	**1,867**
Accumulated amortisation			
At 1 January 2007	–	139	139
Amortisation for the year	–	95	95
At 31 December 2007	**–**	**234**	**234**
Amortisation for the year	**–**	**150**	**150**
At 31 December 2008	**–**	**384**	**384**
Net book value			
At 31 December 2008	**1,164**	**319**	**1,483**
At 31 December 2007	1,164	284	1,448

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 2009 budget approved by management. The key assumptions used for value-in-use calculations are the budgeted sale of land and infrastructure of $21 million and gross margin contribution of 73% 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 $21 million does not materialise and gross margin contribution of 73% 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 2007	74	55	156	285
Additions	15	29	–	44
At 31 December 2007	**89**	**84**	**156**	**329**
Additions	**25**	**92**	**219**	**336**
Disposals	**(2)**	**(15)**	**(156)**	**(173)**
At 31 December 2008	**112**	**161**	**219**	**492**
Accumulated depreciation				
At 1 January 2007	28	21	42	91
Depreciation for the year	17	19	31	67
At 31 December 2007	**45**	**40**	**73**	**158**
Depreciation for the year	**22**	**37**	**31**	**90**
Disposals	**(1)**	**(12)**	**(86)**	**(99)**
At 31 December 2008	**66**	**65**	**18**	**149**
Net book value				
At 31 December 2008	**46**	**96**	**201**	**343**
At 31 December 2007	44	44	83	171

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5 Property, plant and equipment (cont'd)

The Group	Balance at 1.1.2008 $'000	Exchange translation difference $'000	Additions $'000	Reclassification/ transfers $'000	Disposals $'000	**Balance at 31.12.2008 $'000**
Cost						
Leasehold land	100,071	–	–	–	(57)	**100,014**
Land improvements	4,710	–	–	–	–	**4,710**
Landfill	1,572	–	–	–	–	**1,572**
Building and infrastructures	218,831	–	928	(71)	(691)	**218,997**
Golf course	25,307	–	–	–	–	**25,307**
Utilities plant and machinery	298,818	–	1,161	871	–	**300,850**
Machinery and equipment	54,171	–	353	27	(67)	**54,484**
Vessels and ferry equipment	21,965	–	126	–	(165)	**21,926**
Working wharf	1,685	–	–	–	–	**1,685**
Transportation equipment and vehicles	6,009	(17)	640	(153)	(121)	**6,358**
Medical equipment	666	–	19	–	–	**685**
Furniture, fixtures and equipment	24,284	(37)	887	1,573	(137)	**26,570**
Office equipment	3,514	–	431	76	(15)	**4,006**
Resort equipment	2,290	–	–	–	(34)	**2,256**
Reservoir	12,734	–	–	–	–	**12,734**
Telecommunications equipment	9,906	(775)	976	–	–	**10,107**
Leasehold improvements	1,032	–	–	–	–	**1,032**
Construction-in-progress	7,394	–	16,730	(2,736)	–	**21,388**
Total	794,959	(829)	22,251	(413)	(1,287)	**814,681**

The Group	Balance at 1.1.2008 $'000	Exchange translation difference $'000	Depreciation charges for the year $'000	Reclassification/ transfers $'000	Disposals $'000	**Balance at 31.12.2008 $'000**
Accumulated depreciation						
Leasehold land	23,527	–	2,015	–	(21)	**25,521**
Land improvements	2,314	–	236	–	–	**2,550**
Landfill	1,565	–	3	–	–	**1,568**
Building and infrastructures	112,147	–	9,998	–	(526)	**121,619**
Golf course	7,570	–	554	–	–	**8,124**
Utilities plant and machinery	167,466	–	11,978	117	–	**179,561**
Machinery and equipment	41,015	–	3,225	36	(67)	**44,209**
Vessels and ferry equipment	16,643	–	1,677	–	(155)	**18,165**
Working wharf	1,685	–	–	–	–	**1,685**
Transportation equipment and vehicles	5,240	(11)	440	(153)	(121)	**5,395**
Medical equipment	661	–	4	–	–	**665**
Furniture, fixtures and equipment	17,752	(25)	1,747	–	(3)	**19,471**
Office equipment	2,484	–	312	–	(12)	**2,784**
Resort equipment	2,071	–	–	–	(22)	**2,049**
Reservoir	5,514	–	425	–	–	**5,939**
Telecommunications equipment	5,609	(558)	443	–	–	**5,494**
Leasehold improvements	982	–	21	–	–	**1,003**
Total	414,245	(594)	33,078	–	(927)	**445,802**

5 Property, plant and equipment (cont'd)

The Group	Balance at 1.1.2008 $'000	**Balance at 31.12.2008 $'000**
Net book value		
Leasehold land	76,544	**74,493**
Land improvements	2,396	**2,160**
Landfill	7	**4**
Building and infrastructures	106,684	**97,378**
Golf course	17,737	**17,183**
Utilities plant and machinery	131,352	**121,289**
Machinery and equipment	13,156	**10,275**
Vessels and ferry equipment	5,322	**3,761**
Working wharf	–	**–**
Transportation equipment and vehicles	769	**963**
Medical equipment	5	**20**
Furniture, fixtures and equipment	6,532	**7,099**
Office equipment	1,030	**1,222**
Resort equipment	219	**207**
Reservoir	7,220	**6,795**
Telecommunications equipment	4,297	**4,613**
Leasehold improvements	50	**29**
Construction-in-progress	7,394	**21,388**
Total	380,714	**368,879**

The Group	Balance at 1.1.2007 $'000	Exchange translation difference $'000	Additions $'000	Reclassification/ 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 plant and machinery	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

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5 Property, plant and equipment (cont'd)

The Group	Balance at 1.1.2007 $'000	Exchange translation difference $'000	Depreciation charges for the year $'000	Reclassification/ 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 plant and machinery	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

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 plant and machinery	128,443	131,352
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	7,394
Total	388,567	380,714

5 Property, plant and equipment (cont'd)

The leasehold land on Bintan Island represents 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	13 December 2023 (66 ha)
Land parcels BT1a	16 February 2025 (71 ha)
Land parcels WR1	16 February 2025 (1,560 ha)

In 2007, 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 21 - "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 151.8 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 those 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 21 – "Loans and borrowings".

As at 31 December 2008, construction in progress at the Industrial Parks amounting to $6,847,000 (2007 - $542,000) includes all costs related to the construction of the industrial complex and supporting infrastructures and amenities. 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 2008, construction in progress at the Executive Village amounting to $1,033,000 (2007 - $942,000), 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 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 $3,282,000 (2007 - $2,640,000) and vessels under construction of $10,226,000 (2007 - $3,270,000). The borrowing cost capitalised during 2008 amounted to $34,000 (2007 - $17,000). The effective interest rate of borrowing cost is 2.98% (2007 - 3.62%) per annum.

6 Investment properties

The Group	2008 $'000	2007 $'000
Cost		
Balance at beginning of year	**571,497**	567,504
Additions	**1,819**	3,993
Disposals	**(2,512)**	–
Transfer from construction-in-progress	**413**	–
Balance at end of year	**571,217**	571,497
Accumulated depreciation		
Balance at beginning of year	**253,920**	230,564
Depreciation charge	**22,544**	23,356
Disposals	**(456)**	–
Balance at end of year	**276,008**	253,920
Net book value	**295,209**	317,577

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 2008, the fair value of the investment properties, except PT Batamindo Executive Village (BEV)'s investment properties, amounted to $430 million and were based on valuation in 2008 using the open market value 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 2008 amounted to $0.86 million (2007 - $0.9 million) which approximates fair value based on management's estimates.

7 Subsidiaries

The Company	2008 $'000	2007 $'000
Unquoted equity investments, at cost	**1,207,642**	1,207,642

7 Subsidiaries (cont'd)

The subsidiaries as at 31 December 2008 are as follows:

Name of subsidiaries	Country of incorporation/ principal place of business	Cost of investment		Percentage of effective interest		Principal activities
		2008 $'000	2007 $'000	**2008 %**	2007 %	
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**	86.77	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**	90.74	Provision of ferry services between Singapore and Bintan
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

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7 Subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation/ principal place of business	Cost of investment		Percentage of effective interest		Principal activities
		2008 $'000	2007 $'000	**2008 %**	2007 %	
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**	2,430	**100**	100	Trading, industry, development and services
Batamindo Investment (S) Ltd ("BI") (6) (e)	Singapore	**–**	–	**100**	100	Management consultancy services
Golf View Limited (7)	Seychelles	**–**	–	**100**	100	Investment holding
Crystal Grace International Ltd (g) (7)	British Virgin Islands	**–**	–	**100**	–	Investment holding
Treasure Home Ltd (7) (g)	British Virgin Islands	**–**	–	**100**	–	Investment holding
Win Field Ltd (7) (g)	British Virgin Islands	**–**	–	**100**	–	Investment holding
Gallant Power and Resources Limited (formerly known as Megarock Ltd) (7) (g)	British Virgin Islands	**–**	–	**100**	–	Investment holding
Starhome Ltd (7) (g)	British Virgin Islands	**–**	–	**100**	–	Investment holding
Bintan Resorts International Pte. Ltd. (6)(f)	Singapore	**–**	–	**100**	–	Marketing and providing support services to PT Bintan Resorts Cakrawala ("PT BRC")
Indirectly held Through BRF						
BRF Holidays Pte Ltd ("BRFH") (5)	Singapore	**–**	–	**90.74**	90.74	Provision of tour operations and related services
		1,207,642	1,207,642			

7 Subsidiaries (cont'd)

(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.

(f) In 2008, the Company's wholly-owned subsidiary, VRL, has incorporated Bintan Resorts International Pte. Ltd. ("BRI") in Singapore.

(g) In 2008, the Company's wholly-owned subsidiary, VRL, has incorporated Crystal Grace International Ltd, Treasure Home Ltd, Win Field Ltd, Gallant Power and Resources Limited (formerly known as Megarock Ltd), and Starhome Ltd in British Virgin Islands ("BVI").

(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 21 - "Loans and borrowings".

8 Associated companies

The Group	**2008 $'000**	2007 $'000
Unquoted equity investments, at cost	**543**	543
Exchange translation difference	**(151)**	(225)
Share of post-acquisition reserves	**410**	635
	802	953

8 Associated companies (cont'd)

The associated companies are as follows:

Name of associated companies	Country of incorporation/ principal place of business	Percentage of effective interest		Principal activities
		2008	2007	
		%	%	
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:

	2008 $'000	2007 $'000
Current assets	**930**	1,640
Non-current assets	**2,618**	2,282
Current liabilities	**(1,106)**	(958)
Non-current liabilities	**(3)**	(21)
Net assets	**2,439**	2,943

Share of associated companies' revenue, net profit and dividends:

Revenue	**1,660**	1,566
Net profit	**330**	97
Dividend	**(330)**	(90)

9 Other investments

The Group	**2008** **$'000**	2007 $'000
Unquoted equity investments, at cost	**10,000**	10,000
Allowance for impairment losses	**(10,000)**	(10,000)
	–	–

The unquoted equity investments comprise the subsidiary's shares of approximately 10 % of total stock in Bintan Lagoon Resort Ltd ("BLRL") and are classified as available-for-sale financial assets. There is also no active market for the equity interest as the purchase agreement stipulated the requirement to sell all interests to the main shareholder, when the need arises. As such, it is not practicable to determine with sufficient reliability the fair value of the unquoted equity shares. The carrying amount of the unquoted equity investments has been fully written off as BLRL is in net deficit position.

10 Deferred tax assets

The Group	**2008** **$'000**	2007 $'000
Balance at beginning of year	**7,669**	5,493
Foreign exchange difference	**(107)**	(267)
(Charged)/credited to income statement (Note 28)	**(1,055)**	2,443
Balance at end of year	**6,507**	7,669

The balance comprises tax on:

2008	Balance at 1 January 2008 $'000	(Charged)/ credited to income statement $'000	Foreign exchange difference $'000	**Balance at 31 December 2008** **$'000**
Fiscal loss net of expired tax loss	1,889	2,281	(228)	**3,942**
Estimated liability for employee service entitlements	1,354	(262)	(24)	**1,068**
Allowance for doubtful debts	2,034	(175)	–	**1,859**
Allowance for impairment loss in value of investments	3,000	–	–	**3,000**
Valuation allowance	(1,042)	(2,074)	–	**(3,116)**
Property, plant and equipment	434	(825)	145	**(246)**
	7,669	(1,055)	(107)	**6,507**

10 Deferred tax assets (cont'd)

2007	Balance at 1 January 2007 $'000	(Charged)/ credited to income statement $'000	Foreign exchange difference $'000	Balance at 31 December 2007 $'000
Fiscal loss net of expired tax loss	5,558	(3,669)	–	1,889
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
Valuation allowance	(1,897)	855	–	(1,042)
Property, plant and equipment	(4,183)	4,617	–	434
	5,493	2,443	(267)	7,669

11 Loan receivable

The Group	**2008 $'000**	2007 $'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 $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	2008 $'000	2007 $'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	**408**	1,173
Advances	**69**	138
Deposits paid	**484**	72
	2,944	3,366

(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 2008.

13 Land inventories

The Group	2008 $'000	2007 $'000
At cost, Land for sale	**549,918**	546,481

As at 31 December 2008, PT SBP's land inventories comprise 3,763 ha (2007 - 3,767 ha) with Building Use Right ("HGB"). Part of the land's HGB for 3,285 ha will expire in 30 years while the HGB of 478 ha has been extended and renewed for a period of 80 years.

As at 31 December 2008 and 2007, PT BMW's land inventories comprise 14,083 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.

Notes to the Financial Statements

For the financial year ended 31 December 2008

14 Other inventories

The Group	**2008 $'000**	2007 $'000
Fuel and lubrication oil, at cost	**8,756**	6,290
Medicines, at cost	**71**	62
Consumables and supplies, at cost	**7,921**	4,688
	16,748	11,040
Allowance for inventories obsolescence	**(1,160)**	(537)
	15,588	10,503
Stated at		
Cost		
Medicine	**71**	62
Fuel and lubrication oil	**1,711**	2,028
Consumables and supplies	**2,283**	412
Net realisable value		
Fuel and lubrication oil	**6,016**	4,241
Consumables and supplies	**5,507**	3,760
	15,588	10,503

15 Trade and other receivables

	The Company		The Group	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Trade receivables				
- external parties	**–**	–	**68,156**	59,260
Impairment of trade receivables	**–**	–	**(11,247)**	(11,074)
	–	–	**56,909**	48,186
Refundable deposits	**192**	23	**192**	23
Prepayments	**477**	222	**2,563**	3,810
Loan to a subsidiary	**101,445**	87,958	**–**	–
Interest receivable	**–**	–	**10,063**	8,043
Amount owing by related parties	**–**	–	**2,079**	3,395
Others	**171**	8	**6**	1
Impairment of other receivables	**–**	–	**(1,219)**	(1,391)
	102,285	88,211	**70,593**	62,067

15 Trade and other receivables (cont'd)

Trade and other receivables are denominated in the following currencies:

	The Company		The Group	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Singapore dollar	**102,285**	88,211	**63,950**	54,867
Indonesia rupiah	**–**	–	**6,434**	6,985
United States dollar	**–**	–	**209**	215
	102,285	88,211	**70,593**	62,067

Trade receivables are generally due within 30 to 90 days (2007 - 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 21).

The loan to a subsidiary is unsecured and repayable on demand.

Amount owing by related parties represents mainly advanced payment of expenses. This account is non-interest bearing, unsecured and repayable on demand.

16 Cash and bank balances

	The Company		The Group	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Cash on hand	**24**	22	**519**	376
Cash and bank balances	**1,100**	725	**54,904**	53,301
	1,124	747	**55,423**	53,677
Time deposits	**–**	1,000	**34,444**	31,238
	1,124	1,747	**89,867**	84,915

For the purpose of presenting the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

The Group	**2008** **$'000**	2007 $'000
Cash and bank balances	**89,867**	84,915
Less: Bank deposits pledged	**(11,413)**	(3,276)
	78,454	81,639

16 Cash and bank balances (cont'd)

The bank deposits pledged represent cash in a bank account with United Overseas Bank Limited ("UOBL"). As disclosed in Note 21 - "Loans and borrowings", the bank loans with UOBL are secured by an assignment of accounts receivable and the related bank account is designated and maintained for collection of such accounts receivable.

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

	The Company		The Group	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Singapore dollar	**1,100**	1,726	**61,382**	67,311
United States dollar	**–**	–	**4,559**	3,130
Indonesia rupiah	**–**	–	**12,491**	11,177
Others	**24**	21	**22**	21
	1,124	1,747	**78,454**	81,639

	The Group	
	2008	2007
Interest rate on time deposits (per annum)		
Singapore dollar	**0.4% - 2.43%**	1.5% - 3.261%
Indonesian rupiah	**6% - 14%**	4.75% - 10.25%

17 Share capital

The Company and The Group	**2008** **$'000**	2007 $'000
Balance at beginning of year- 2,412,482,556 (2007 – 2,410,423,184) ordinary shares	**1,207,642**	1,205,212
Issue 2,059,372 ordinary shares at $1.18 per share for the acquisition of additional interest in a subsidiary in 2007	**–**	2,430
Balance at end of year - 2,412,482,556 ordinary shares	**1,207,642**	1,207,642

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. The shares have no par value.

18 Deposits from tenants and golf membership

The Group	**2008** **$'000**	2007 $'000
Deposits from tenants	**31,927**	31,149
Refundable golf membership deposit	**4,173**	4,896
	36,100	36,045

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

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

19 Employee benefits liabilities

The Group	**2008 $'000**	2007 $'000
Balance at beginning of year	**5,928**	5,049
Net employee benefits expense	**1,048**	1,381
Actual benefit payments	**(914)**	(215)
Foreign exchange difference	**(535)**	(287)
Balance at end of year	**5,527**	5,928

On 20 June 2000, under Indonesian Law, the Minister of Manpower of the Republic of Indonesia issued Decree No. Kep-150/Men/2000 regarding "The Settlement of Work Dismissal and Determination of Separation, Gratuity and Compensation Payment by Companies". Should there be any work dismissal, a company is obliged to settle any separation, gratuity and compensation payment, based on the duration of work of the respective employees and in accordance with the conditions stated in the Decree.

The Decree has been enacted into Law No.13 of 2003 regarding Manpower by the President of the Republic of Indonesia on 25 March 2003.

The Group recognised a provision for employees' service entitlement in accordance with the above Law. The benefits are unfunded. The provision is estimated using the "Projected Unit Credit Method" based on the actual calculation performed by independent actuaries, PT Dayamandiri Dharmakonsilindo and PT Jasa Aktuaria Pensiun dan Asuransi which considered the following assumptions:

Discount rate	:	11% - 12% per annum (2007 – 10% - 11%)
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

19 Employee benefits liabilities (cont'd)

The net employee benefits expense comprises the following:

	2008 $'000	2007 $'000
Current service cost	**513**	335
Interest expense	**398**	357
Immediate adjustment of termination plan	**309**	670
Unrecognised past service cost-vested	**–**	2
Excess payment	**(14)**	–
Amortisation of past service cost unvested	**40**	17
Accrual (gain)/loss	**(198)**	–
	1,048	1,381
Employee benefits liabilities:		
Present value of employee benefits liabilities	**5,594**	5,370
Unrecognised past service cost-unvested	**(172)**	(234)
Unrecognised past service cost-vested	**–**	671
Unrecognised actual gain	**105**	121
	5,527	5,928

20 Deferred tax liabilities

The Group	**2008 $'000**	2007 $'000
Balance at beginning of year	**557**	106
Foreign exchange difference	**(76)**	58
Charged to income statement (Note 28)	**102**	393
Balance at end of year	**583**	557

The balance comprises tax on:

2008	Balance at 1 January 2008 $'000	Charged to income statement $'000	Foreign exchange difference $'000	**Balance at 31 December 2008 $'000**
Fiscal loss net of expired tax loss	(1,637)	67	239	**(1,331)**
Estimated liability for employee service entitlements	(226)	10	35	**(181)**
Property, plant and equipment	2,420	25	(350)	**2,095**
	557	102	(76)	**583**

20 Deferred tax liabilities (cont'd)

2007	Balance at 1 January 2007 $'000	Charged/ (credited) to income statement $'000	Foreign exchange difference $'000	Balance at 31 December 2007 $'000
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

21 Loans and borrowings

	The Company		The Group	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Bank loans and other borrowings				
Term loan 1				
- United Overseas Bank Limited	**63,120**	66,000	**63,120**	66,000
Term loan 2				
- United Overseas Bank Limited	**–**	–	**4,200**	12,520
Term loan 3				
- United Overseas Bank Limited	**–**	–	**–**	1,300
PT Bank Niaga Tbk	**–**	–	**69**	159
Loans from subsidiaries	**39,046**	37,546	**–**	–
Loan from Jiangjun Limited	**–**	–	**18,369**	19,295
Finance lease	**–**	–	**103**	–
Total loans and borrowings	**102,166**	103,546	**85,861**	99,274
Less:				
Current portion	**(67,746)**	(69,546)	**(51,441)**	(61,074)
Non-current portion	**34,420**	34,000	**34,420**	38,200

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

	The Company		The Group	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Current portion:				
- at floating interest rate	**28,700**	32,000	**32,900**	41,620
- at fixed interest rate	**39,046**	37,546	**18,541**	19,454
	67,746	69,546	**51,441**	61,074
Non-current portion:				
- at floating interest rate	**34,420**	34,000	**34,420**	38,200
	34,420	34,000	**34,420**	38,200

21 Loans and borrowings (cont'd)

The loans are denominated in the following currencies:

	The Company		The Group	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Singapore dollar	**94,665**	96,500	**85,861**	99,274
United States dollar	**7,501**	7,046	**–**	–
	102,166	103,546	**85,861**	99,274

a. Term loan 1

On May 30, 2008, management completed an agreement with the creditors for the refinancing of the term loan from $50,000,000 in prior year to $132,000,000 in current year. The details of the banking facilities are summarised below:

1. 6 years Term Loan facility - Facility A commitment

This facility has a maximum credit of S$32,000,000 and shall be utilised to finance 80% of the cost or valuation, whichever is lower of two catamarans ("vessels"). The loan bears interest rate at 1, 3 or 6 months SGD swap offer rate plus 1.7% per annum, which the effective interest rates range between 2.94% to 3.05% in 2008. The interest rate on this loan is repriced every 3 months. The loan is repayable in 10 equal semi-annual instalments of $3,200,000 each commencing 18 months of the agreement.

The Facility A shall be secured by the following:

(i) assignment of refundment guarantees of the vessels during their construction;

(ii) assignment of hull and machinery and protection and indemnity insurances with respect to the vessels; and

(iii) all-monies first preferred mortgage on the vessels upon their completion.

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

(i) The Company shall provide a formal valuation report from a professional valuer upon completion of the vessels and thereafter, an annual valuation report on the vessels financed. The outstanding loan shall not exceed 80% of the prevailing market value of the vessels, failing which the Company shall either reduce the outstanding loan to within the security margin or top up with additional security.

(ii) The vessels shall fly the Singapore flag or such other flag acceptable by the Bank.

(iii) The vessels shall be classified with an internationally recognised classification society which is a member of the International Association of Classification Societies.

21 Loans and borrowings (cont'd)

a. Term loan 1 (cont'd)

2. 4 years Term Loan facility - Facility B commitment

Term Loan Facility B shall be utilised to finance the outstanding $50,000,000 loan facility under the facility agreement dated December 23, 2004, supplemental agreement dated March 21, 2005 and letter dated July 07, 2006.

The loan bears interest rate at 1, 3 or 6 months SGD swap offer rate plus 1.5% per annum, which the effective interest rates range between 2.77% to 3.02% (2007 - 4.31% to 5.15%). The interest rate on this loan is repriced every 3 months. The company shall repay the facility in 8 equal semi-annual installments of $6,250,000 each commencing 6 months from the agreement date.

The loan is secured by:

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

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

In 2007, 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.

21 Loans and borrowings (cont'd)

a. Term loan 1 (cont'd)

3. 3 years Revolving Credit Facility - Facility C commitment

The RCF has maximum amount of $50,000,000 and shall be utilised to finance the working capital and corporate/operational requirements of the Company and the Group. The loan bears interest rate at 1, 3 or 6 months SGD swap offer rate plus 1.7% per annum, which the effective interest rates range between 2.87% to 4.12%. The interest rate on this loan is repriced every 3 months. The loan should be repaid in full on the final maturity date which is 3 years from the date of the agreement.

The security arrangement and covenants for the RCF shall be similar to the Facility B commitment.

b. Term loan 2

This loan is secured by an assignment of accounts receivable (Note 15) and the related bank account with United Overseas Bank Limited ("UOBL") which is maintained for the collections of such accounts receivables (Note 15). This loan is payable in 12 equal quarterly installments commencing 15 August 2006.

The loan agreement includes certain covenants, among others that need to be maintained and complied with:

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

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

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

(iv) 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 $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 3.02% (2007 - 3.57%) per annum, and the rates ranged from 2.67% to 4.08% in 2008 and 4.06% to 4.97% in 2007. The interest rate on this loan is repriced every 3 months.

c. Term loan 3

The Group obtained revolving credit facilities from UOBL amounting to $3,000,000 which was drawn on various dates. The terms of revolving credit facility will expire on 10 January 2011 (2007 – 10 January 2008). These loans bear interest at the annual rate of 1% above the swap rate, which ranged from 2.08% to 3.57% in 2008 and 3.39% to 4.57% in 2007. 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;

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

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

The interest rate on this loan is repriced every 3 months.

21 Loans and borrowings (cont'd)

d. PT Bank Niaga Tbk

This loan was obtained to finance the purchase of vehicle amounting to $245,631 in 2006 bearing a flat interest rate at 10% per annum. The loan is repayable by August 2010.

e. Loans from subsidiaries

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

f. Loan from Jiangjun Limited

Loan payable to Jiangjun Limited is unsecured and repayable on demand. Interest is charged at the rate of 2.25% per annum in 2008 and 2007.

g. Finance lease

In October and November 2008, the Company obtained a vehicle lease facility to purchase 2 vehicles amounted to $106,592. The facility bears interest rate at 9% per annum and will fall due in October and November 2011.

22 Trade and other payables

	The Company		The Group	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Trade payables	**–**	–	**30,589**	22,902
Accruals	**889**	818	**1,183**	2,704
Interest payable on bank loan	**180**	984	**857**	1,718
Advances from related corporations	**50**	40	**17,988**	20,868
Advances from subsidiaries	**2,454**	1,382	**–**	–
	3,573	3,224	**50,617**	48,192

Trade payables are generally on 30 days (2007 - 30 days) credit terms.

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

Notes to the Financial Statements

For the financial year ended 31 December 2008

23 Other income

The Group	**2008 $'000**	2007 $'000
Interest income		
– related parties	**2,285**	2,647
– external parties	**1,832**	3,942
Other telecommunication income	**1,566**	1,550
Miscellaneous income	**1,493**	2,257
(Loss)/gain on disposal of property, plant and equipment	**(45)**	65
Exchange loss	**(1,031)**	(74)
	6,100	10,387

24 Other operating expenses

The Group	**2008 $'000**	2007 $'000
Depreciation and amortisation	**1,808**	1,817
Management fee	**3,743**	2,849
Marketing and promotion expenses	**8,703**	7,746
Others	**9,474**	13,298
Repairs and maintenance	**1,781**	1,196
Representation costs	**77**	17
Staff costs	**5,515**	6,626
Taxes and licences	**518**	368
Transport and travelling	**567**	733
Utilities	**879**	971
	33,065	35,621

25 Finance costs

The Group	**2008 $'000**	2007 $'000
Bank loans	**2,376**	5,097
Minority shareholders	**–**	169
Others	**402**	407
	2,778	5,673

26 Profit before taxation

The Group	Note	**2008** **$'000**	2007 $'000
Profit before taxation has been arrived at after charging/(crediting):			
Allowance for inventories obsolescence		623	–
Amortisation of intangible assets	4	150	95
Depreciation of property, plant and equipment	5	33,078	34,365
Depreciation of investment properties	6	22,544	23,356
Directors' fees		335	335
Directors' remuneration			
- Directors' salaries and related costs		1,269	1,285
- CPF contributions		46	39
Foreign exchange loss		1,031	74
Impairment of trade and other receivables		894	1,519
Operating lease rentals			
- office equipment and office premises		2,348	509
Rental income (included in revenue)			
- investment properties		43,372	45,825
- others		3,126	5,897
Operating expenses arising from investment properties that generated rental income		24,050	25,059
Staff costs (other than directors)			
- salaries and related costs		20,917	22,678
- CPF contributions		431	519
		21,348	23,197

27 Key management personnel compensation

The Group	**2008** **$'000**	2007 $'000
Short-term benefits	**1,876**	1,790

28 Taxation

The Group	**2008 $'000**	2007 $'000
Current taxation		
Indonesia tax		
Final tax	**5,137**	5,554
Non-final tax	**10,310**	10,263
Withholding tax	**2,003**	–
Singapore tax	**259**	122
	17,709	15,939
Deferred taxation (Notes 10 and 20)		
Indonesia tax	**1,157**	(2,050)
	18,866	13,889

No current taxation for financial years ended 31 December 2008 and 2007 had been provided in the financial statements as the Company has no taxable profit.

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:

	2008 $'000	2007 $'000
Profit before taxation	**17,929**	29,705
Tax at statutory rate of 18% (2007 - 18%)	**3,227**	5,347
Tax at foreign source	**259**	116
Difference of tax effects on gross income subject to final tax instead of corporate tax	**14,866**	7,433
Tax effects on non-deductible expenses	**514**	993
	18,866	13,889

29 Earnings per share

The Group

The earnings per share for 2008 is calculated based on the Group's profit after taxation for the year of $557,000 attributable to the shareholders divided by weighted average number of 2,412,482,556 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 2007 is calculated based on the Group's profit after taxation of $14,720,000 divided by the weighted average number of 2,411,109,641 ordinary shares.

30 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	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Not later than one year	**389**	55	**1,753**	448
Later than one year and not later than five years	**757**	5	**1,257**	79

The Company and The Group

The Company's lease on the office equipment and office premises in respect of prior year had expired on 31 March 2008 and 31 May 2008 respectively.

In 2008, the Company has entered into new operating leases of office equipment and office premises which will expire on 31 March 2010 and 31 August 2010 respectively. The current lease payables are $350 and $31,193 per month.

The subsidiaries have entered into operating leases of office premises, warehouse and office equipment which will expire in 2010, 2011 and 2013 respectively. The current lease rental ranges from $275 per month to $21,095 per month.

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	**2008** **$'000**	2007 $'000
Not later than one year	**24,306**	46,062
Later than one year and not later than five years	**22,259**	32,179
Later than five years	**13**	1,091

31 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:

	2008 **$'000**	2007 $'000
Capital expenditure contracted but not provided for	**24,015**	33,327

32 Contingent liabilities (unsecured)

32.1 As of 31 December 2008, 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 $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 $450,000. However, Titan filed a lawsuit with the Riau High Court against Akira on the claim amount allocation into their joint account. On 1 November 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 2008, PT BEV recorded the accrual for the claim amounting to $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.

32.2 In 2007, 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 2007, the court issued restraining order (putusan sala-provision) which inter-alia, to require Gallant Subsidiaries and PT Bintan Lagoon Resort and other parties to refrain from advertising for sales or transfer the land to any parties until the court verdict has been issued with final legal effect.

The Group is in the view that the claim by PT Raflesia for material losses of approximately 57 billion Rupiah (equivalent to approximately $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. Furthermore, 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 dated 28 April 2006, 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.

On 7 April 2008, PT Raflesia filed an appeal to the Supreme Court of Indonesia. Subsequent to year-end on 23 February 2009, the Supreme Court in its judgement ruled that the land certificates issued by Indonesian Land Authorities to PT BMW has no legal enforcement rights and that the sale of land between PT BRC and BLR is not valid. PT PMW and PT BRC will be filing a special appeal (Permohonan Peninjauan Kembali) against the judgement (see note 40).

32 Contingent liabilities (unsecured) (cont'd)

32.3 On December 29, 2008. PT BRC issued a Notice of Arbitration against PT Bintan Lagoon Resort (PT BLR) in the Singapore International Arbitration Court (SIAC). The issues related to the Notice are as follows:

(i) Utilities issue

This matter relates to Site Development Agreement (SDA) dated 8 August 1995 and the utilities agreement dated 10 April 1997, and the issue arose from unpaid utilities charged by PT BRC to BLR, which up to 31 December 2008, amounted to approximately $977,940 and Rupiah 30,175,675 ($3,966 equivalent).

(ii) Staff housing issue

This matter related to the staff housing master agreement dated 26 September 1997 entered between PT BRC and BLR. The issue arose from unpaid lease, defects and unauthorised works relating to this housing. As at 31 December 2008, the outstanding lease is approximately $5.3 million.

(iii) Land issue

This matter relates to a plot of land owned by PT BRC in Bintan, Kepulauan Riau. PT BRC lend the land to BLR without any rental fee and time limitation. PT BRC is currently trying to re-acquire the land.

33 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.

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, based on prices or rates negotiated with the respective parties.

	2008 **$'000**	2007 $'000
Shareholders		
Marketing services	**4,464**	5,120
Marketing remuneration fees	**–**	56
Offshore marketing services	**430**	800
Staff secondment fees	**–**	2,067
Management fee	**–**	328

33 Related parties transactions (cont'd)

	2008 **$'000**	2007 $'000
Companies in which a shareholder has an interest		
Technical assistance fee	**350**	400
Human resource management fee	**642**	675
Management fee	**497**	2,887
Insurance premiums	**375**	598
Fees and rentals	**2,050**	2,031
Interest income	**(2,285)**	(2,647)
Sales	**(14,540)**	(14,146)
Minority shareholders		
Interest expense	**–**	136
Associated company		
Interest Income	**–**	(8)

34 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.

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.

34 Segment information (cont'd)

The Group

2008	Industrial Parks $'000	Utilities $'000	Resort Operations $'000	Property Development $'000	Corporate $'000	Elimination $'000	Total $'000
Business segments							
Operating revenue							
External sales	58,509	141,577	24,561	526	–	–	225,173
Inter segment sales	124	5	1,841	–	–	(1,970)	–
Total sales	58,633	141,582	26,402	526	–	(1,970)	225,173
Segment results							
Profit/(loss) from operations	8,766	30,263	(6,332)	(6,265)	(2,600)	(3,125)	20,707
Finance costs							(2,778)
Profit before taxation							17,929
Taxation							(18,866)
Loss after taxation							(937)
Attributable to:							
Equity holders of the Company							557
Minority interests							(1,494)
							(937)
Assets							
Segment assets	420,843	242,717	77,995	552,572	73,334	–	1,367,461
Unallocated corporate assets							96,375
Total assets							1,463,836
Liabilities							
Segment liabilities	40,723	20,412	10,137	7,244	13,728	–	92,244
Unallocated corporate liabilities							94,081
Total liabilities							186,325

34 Segment information (cont'd)

2008	Industrial Parks $'000	Utilities $'000	Resort Operations $'000	Property Development $'000	Corporate $'000	Total $'000
Business segments						
Other information						
Capital expenditure	11,507	3,227	8,573	428	335	24,070
Software costs	51	–	–	125	9	185
Allowance for inventories obsolescence	–	623	–	–	–	623
Provision for employees' benefits	198	421	18	411	–	1,048
Amortisation of intangible assets	80	–	18	13	39	150
Depreciation of property, plant and equipment	9,390	15,790	6,886	922	90	33,078
Depreciation of investment properties	22,544	–	–	–	–	22,544
Loss/(gain) on disposal of property, plant and equipment	(33)	–	10	(7)	75	45
Impairment of trade and other receivables	–	–	894	–	–	894

34 Segment information (cont'd)

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	418,041	257,202	68,051	556,843	85,019	–	1,385,156
Unallocated corporate assets							92,583
Total assets							1,477,739
Liabilities							
Segment liabilities	41,875	19,291	10,670	4,601	13,727	–	90,164
Unallocated corporate liabilities							108,755
Total liabilities							198,919

34 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	14,318	7,536	170	44	30,653
Software costs	87	–	67	7	92	253
Amortisation of intangible assets	57	–	16	2	20	95
Provision for employees' benefits	1,134	226	128	(147)	–	1,381
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 trade and other receivables	586	365	568	–	–	1,519

Geographical segments

The Group operates mainly in Batam Island and Bintan Island, Indonesia. Accordingly, analysis by geographical segments is not presented.

Segment revenue and segment expense

All segment revenue and expense are directly attributable to the segments.

Segment assets and liabilities

Segment assets include all operating assets and consist principally of 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.

Segment assets and liabilities do not include cash & cash equivalents, deferred tax assets, deferred tax liabilities, current tax payable, loan and borrowings.

35 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 and project development risk.

35.1 Credit risk

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

The financial assets that potentially subject the Group to significant concentration of credit risk consist principally of bank balances, trade and other receivables, and loan receivables. 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.

	2008 **$'000**	2007 $'000
Trade receivables neither past due nor impaired	**24,553**	19,922

(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	**2008** **$'000**	2007 $'000
Trade receivables past due but not impaired:		
More than one but less than two months	**4,024**	4,762
More than two but less than three months	**5,715**	4,942
More than three months but less than one year	**4,999**	7,944
More than one year	**28,865**	21,690

Management assessed that there are no significant concentration of credit risk and is actively pursuing the recovery of these overdue receivables. Based on negotiations and commitments provided by the customers, management believes that these receivables are collectible. Accordingly, no allowance for doubtful debts has been provided for these receivables.

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

35.1 Credit risk (cont'd)

(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	**2008 $'000**	2007 $'000
Gross amount	**11,247**	11,074
Less: Impairment of trade receivables	**(11,247)**	(11,074)
	–	–
Movement in impairment of trade receivables:		
At beginning of year	**11,074**	10,142
Current year	**894**	1,519
Amount written off	**(721)**	(587)
At end of year	**11,247**	11,074

Management assessed that these overdue receivables are not collectible after taking into consideration a combination of factors such as the debtors' financial position, ability and willingness to settle the debts and latest negotiations held with them. Accordingly, an allowance for doubtful debts have been made in the financial statements.

35.2 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 shareholder.

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 exposure to foreign exchange risk is 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 Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	2008 Appreciation/ (depreciation) of foreign currency rate	**2008** Effect on profit before tax increase/ (decrease) **$'000**	2007 Appreciation/ (depreciation) of foreign currency rate	2007 Effect on profit before tax increase/ (decrease) $'000
Indonesian rupiah	**16%**	**45**	11%	426
Indonesian rupiah	**(16%)**	**(62)**	(11%)	(531)
United States dollar	**11%**	**171**	9%	46
United States dollar	**(11%)**	**(238)**	(9%)	(57)

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

35.2 Foreign currency risk (cont'd)

The average and year end exchange rates for 2008 and 2007 are as follows:

	2008		2007	
	Year ended	**Average**	Year ended	Average
IDR	**Rp 7,607/$1**	**Rp 6,838/$1**	Rp 6,502/$1	Rp 6,069/$1
USD	**US$0.64/$1**	**US$0.71/$1**	US$0.69/$1	US$0.67/$1

35.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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 Group's profit before tax (through the impact on floating rate borrowings for loans from UOBL (Note 21)).

	2008 Increase/ (decrease) in basis points	**2008** Effect on profit before tax **$'000**	2007 Increase/ (decrease) in basis points	2007 Effect on profit before tax $'000
Singapore dollar	**0.0045**	**(153)**	0.0082	(426)
Singapore dollar	**0.0045**	**153**	(0.0082)	426

35.4 Liquidity risk

Liquidity 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.

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

35.4 Liquidity risk (cont'd)

The table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cashflows:

	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Group				
As at 31 December 2008				
Trade and other payables	**50,617**	**–**	**–**	**50,617**
Loans and borrowings	**51,441**	**34,420**	**–**	**85,861**
	102,058	**34,420**	**–**	**136,478**
Group				
As at 31 December 2007				
Trade and other payables	48,192	–	–	48,192
Loans and borrowings	61,074	38,200	–	99,274
	109,266	38,200	–	147,466

	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Company				
As at 31 December 2008				
Trade and other payables	**3,573**	**–**	**–**	**3,573**
Loans and borrowings	**67,746**	**34,420**	**–**	**102,166**
	71,319	**34,420**	**–**	**105,739**
Company				
As at 31 December 2007				
Trade and other payables	3,224	–	–	3,224
Loans and borrowings	69,546	34,000	–	103,546
	72,770	34,000	–	106,770

The Company and the Group ensure that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

35.5 Market price risk

The Group is exposed to fuel price risk. An adverse change in fuel costs will significantly increase the Group's operationg costs if the impact is not completely flow through to the end consumers.

To mitigate impact of price volatility, the Group diversified its energy source with implementation of dual fuel fired power plants. In the Batamindo Industrial Park, the 19 power generators are operated in natural gas in heavy fuel (i.e. diesel). In Bintan Resorts and Bintan Industrial Estate, power plants are operated in heavy and light fuel.

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

35.6 Project development risk

Construction delays can result in loss of revenue. The failure to complete construction of a project according to its planned specifications or schedule may result in liabilities, reduce project efficiency and lower returns. The Group manages this risk by closely monitoring the progress of all projects through all stages of construction.

36 Fair value of financial instruments

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 due to short-term nature of these financial assets and liabilities.

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 loans 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 10-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 their nominal amounts less any impairment losses. It is not practical to estimate the fair values of other long-term receivables, other long-term loans and borrowings and deposits from tenants 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.

37 Capital management

The Company is not subject to externally imposed capital requirements.

The Group's objectives when managing capital are:

a) To safeguard the Group's 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 Group's stability and growth; and

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

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

Management regards total equity as capital, for capital management purposes. The amount of capital as at 31 December 2008 amounted to $1,246,521,000 which the management considered as optimal having considered the projected capital expenditure and the projected strategic investment opportunities.

38 Economic conditions

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

39 Reclassification of accounts

Certain accounts have been reclassified to conform with current year's presentation in accordance with internal management reporting as follows:

	As restated 2007 $'000	As reported 2007 $'000
Cost of sales	167,477	162,744
Other operating expenses	35,621	40,354

40 Events after the balance sheet date

PT BMW and PT BRC have been served with the decision of the Supreme Court of Indonesia ("Judgement") on 23 February 2009. Under the Judgement, the court has, inter-alia, ruled that the land certificates issued by the Indonesian Land Authorities to PT BMW has no legal enforcement rights and that the sale of land between PT BRC and BLR is not valid; that PT BMW, PT BRC and BLR release the ownership of the land and transfer it to PT Raflesia within a prescribed timeframe and that PT BMW, PT BRC and BLR are to jointly and severally pay damages to PT Raflesia for the land measuring cost of Rupiah 33,250,000 ($4,370 equivalent) and loss of rental fee during 1996 to 2005 related to the land on which BLR is located, amounting to Rupiah 57,540,000 ($7,563 equivalent). The Indonesian Land Authorities are required to comply with the Judgement.

PT BMW and PT BRC will be filing a special appeal (Permohanan Peninjauan Kembali) against the Judgement.

Statistics of Shareholdings

As at 16 March 2009

Issued and fully paid-up capital	:	S$1,207,641,641
Number of issued shares	:	2,412,482,556
Class of shares	:	Ordinary Shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	529	24.48	181,199	0.01
1,000 - 10,000	823	38.08	4,633,639	0.19
10,001 - 1,000,000	779	36.05	58,209,934	2.41
1,000,001 and above	30	1.39	2,349,457,784	97.39
Total	**2,161**	**100.00**	**2,412,482,556**	**100.00**

TWENTY LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of shares	%
1	CITIBANK NOMS S'PORE PTE LTD	836,756,676	34.68
2	SEMBCORP INDUSTRIAL PARKS LTD	577,057,166	23.92
3	ING NOMINEES (S'PORE) PTE LTD	180,800,000	7.49
4	RAFFLES NOMINEES PTE LTD	162,392,000	6.73
5	DORNIER PROFITS LIMITED	150,000,000	6.22
6	ASCENDAS INVESTMENT PTE LTD	88,200,062	3.66
7	HSBC (SINGAPORE) NOMS PTE LTD	87,485,000	3.63
8	DBS NOMINEES PTE LTD	78,050,400	3.24
9	PARALLAX VENTURE PARTNERS XXX LIMITED	55,826,712	2.31
10	UNITED OVERSEAS BANK NOMINEES	45,988,752	1.91
11	DBS VICKERS SECS (S) PTE LTD	20,801,405	0.86
12	MORGAN STANLEY ASIA (S'PORE)	11,561,000	0.48
13	ROYAL BANK OF CANADA (ASIA) LT	11,000,000	0.46
14	DB NOMINEES (S) PTE LTD	8,884,000	0.37
15	KIM ENG SECURITIES PTE. LTD.	4,369,500	0.18
16	OCBC SECURITIES PRIVATE LTD	3,931,500	0.16
17	MERRILL LYNCH (S'PORE) P L	3,268,600	0.14
18	PT ELITINDO CITRALESTARI	3,106,688	0.13
19	CLSA SINGAPORE PTE LTD	2,677,000	0.11
20	MAYBAN NOMINEES (S) PTE LTD	2,655,400	0.11
	Total	**2,334,811,861**	**96.78**

PUBLIC FLOAT

Based on the information available to the Company as at 16 March 2009, approximately 15.74% 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 Limited is complied with.

Statistics of Shareholdings

As at 16 March 2009

SUBSTANTIAL SHAREHOLDERS

	Number of Shares	
Name of Substantial Shareholders	**Direct interest**	**Deemed interest**
PT Herwido Rintis	507,011,738	–
PT Gadingpratama Mandiri[(1)]	–	507,011,738
PT Dornier Indonesia[(1)]	–	507,011,738
Dornier Profits Limited[(1)]	150,000,000	507,011,738
Parallax Venture Fund XXX[(2)]	–	657,011,738
Parallax Capital Management Pte Ltd[(2)]	–	657,011,738
Edan Cho Park[(2)]	–	657,011,738
Eugene Cho Park[(2)]	100,000	657,011,738
Parallax Venture Partners XXX Ltd	627,293,350	–
Salim Wanye (Shanghai) Enterprises Co., Ltd[(3)]	–	627,293,350
Jaslene Limited[(4)]	–	627,293,350
Success Medal International Limited[(5)]	–	627,293,350
Salim & Van (Shanghai) Investment Ltd[(6)]	–	627,293,350
Manyip Holdings Limited[(7)]	–	627,293,350
Anthoni Salim[(8)]	–	1,287,411,776
Sembcorp Industrial Parks Ltd[(9)]	577,057,166	–
Sembcorp Industries Ltd[(9)]	–	577,057,166
Temasek Holdings (Private) Limited[(9)]	–	580,541,166
TIG Advisor, LLC[(10)]	–	164,703,000

Notes:

(1) PT Gadingpratama Mandiri ("PT GPM") has an interest in more than 50% of the issued share capital of PT Herwido Rintis ("PT HR"). PT Dornier Indonesia ("PT Dornier") has an interest in more than 50% of the issued share capital of PT GPM and Dornier Profits Limited ("Dornier Profits") has an interest in more than 50% of the issued share capital of PT Dornier. PT GPM, PT Dornier and Dornier Profits are therefore deemed to be interested in the shares of the Company ("Shares") owned by PT HR.

(2) Parallax Venture Fund XXX ("PV Fund") has an interest in more than 20% of the share capital of Dornier Profits. Parallax Capital Management Pte Ltd ("PCM") has an interest in 100% of the voting share capital of PV Fund. Eugene Cho Park and Edan Cho Park hold the entire issued share capital of PCM. PV Fund, PCM, Eugene Cho Park and Edan Cho Park are therefore deemed to be interested in the Shares in which Dornier Profits has an interest.

(3) Salim Wanye (Shanghai) Enterprises Co., Ltd ("Salim Wanye") has an interest in the entire issued share capital of Parallax Venture Partners XXX Ltd ("PVP").

(4) Jaslene Limited ("Jaslene") has an interest in more than 50% of the issued share capital of Salim Wanye, which in turn has an interest in 100% of the issued share capital of PVP. Accordingly, Jaslene is deemed to be interested in the Shares owned by PVP.

(5) Success Medal International Limited ("Success Medal") has an interest in more than 20% of the issued share capital of Salim Wanye, which in turn has an interest in 100% of the issued share capital of PVP. Accordingly, Success Medal is deemed to be interested in the Shares owned by PVP.

(6) Salim & Van (Shanghai) Investment Ltd ("Salim & Van") and its related corporation, Success Medal, have interests in more than 20% of the issued share capital of Salim Wanye, which in turn has an interest in 100% of the issued share capital of PVP. Accordingly, Salim & Van is deemed to be interested in the Shares owned by PVP.

(7) Manyip Holdings Limited ("Manyip")'s related corporations, Success Medal and Salim & Van, has an interest in more than 20% of the issued share capital of Salim Wanye, which in turn has an interest in 100% of the issued share capital of PVP. Accordingly, Manyip is deemed to be interested in the Shares owned by PVP.

(8) Anthoni Salim is deemed to have an interest in the Shares owned by PT HR, Dornier Profits and PVP as well as in 3,106,688 Shares owned by PT Elitindo Citralestari.

(9) Temasek Holdings (Private) Limited ("Temasek") has an interest in more than 20% of the share capital of Sembcorp Industries Ltd ("SCI"), and SCI in turn has an interest in the entire issued share capital of Sembcorp Industrial Parks Ltd ("SIP"). Accordingly, Temasek and SCI are deemed to be interested in the Shares held by SIP.

(10) TIG Advisors LLC acts as investment manager to Tiedemann Global Emerging Markets LP, Tidemann Global Emerging Markets QP LP and TGEM Asia LP which are the direct shareholders.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Gallant Venture Ltd. (the "Company") will be held at River View Hotel Singapore, Lily Ballroom, Level 4, 382 Havelock Road, Singapore 169629 on Tuesday, 28 April 2009 at 10.00 a.m. to transact the following business: -

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2008 and the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To approve the Directors' fees of S$195,000/- for the financial year ended 31 December 2008 (2007: S$335,000/-). **Resolution 2**

3. To re-elect the following Directors:-

   (a) Mr Gianto Gunara who is retiring under Article 115 of the Articles of Association of the Company. **Resolution 3**

   (b) Mr Eugene Cho Park who is retiring under Article 115 of the Articles of Association of the Company. **Resolution 4**

4. To consider, and if thought fit, to pass the following resolution: **Resolution 5**

   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 of the Company.

   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. That pursuant to Section 161 of the Companies Act, Chapter 50 (the "Companies Act") and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), approval be and is hereby given to the directors of the Company to: **Resolution 7 (See Explanatory Note 1)**

   (i) (aa) issue shares in the Company ("Shares") whether by way of rights, bonus or otherwise; and/or

   (bb) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the directors may, in their absolute discretion, deem fit; and

(ii) issue Shares in pursuance of any Instrument made or granted by the directors while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this Resolution),

Provided that:

(iii) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 50% (unless paragraph (v) below applies) of the total number of issued Shares (as calculated in accordance with paragraph (iv) below), and provided further that where shareholders of the Company ("Shareholders") with registered addresses in Singapore are not given the opportunity to participate in the same on a pro-rata basis ("non pro-rata basis"), then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 20% of the total number of issued Shares (as calculated in accordance with paragraph (iv) below);

(iv) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (iii) above, the total number of issued Shares shall be based on the total number of issued Shares of the Company (excluding treasury shares) at the time such authority was conferred, after adjusting for:

(aa) new Shares arising from the conversion or exercise of any convertible securities;

(bb) new Shares arising from exercising share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and

(cc) any subsequent bonus issue, consolidation or subdivision of the Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(v) the 50% limit in paragraph (iii) above may be increased to 100% for issues of Shares and/or Instruments by way of a renounceable rights issue where Shareholders with registered addresses in Singapore are given the opportunity to participate in the same on a pro-rata basis; and

(vi) (unless revoked or varied by the Company in general meeting), the authority so conferred shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

7. That subject to and pursuant to the share issue mandate in Resolution 7 being obtained, authority be and is hereby given to the directors of the Company to issue Shares on a non pro-rata basis at a discount of not more than 20% to the weighted average price of the Shares for trades done on the SGX-ST (calculated in the manner as may be prescribed by the SGX-ST). **Resolution 8 (See Explanatory Note 2)**

8. **Renewal of the Interested Person Transactions Mandate** **Resolution 9 (See Explanatory Note 3)**

(a) That approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("Chapter 9") of the SGX-ST, 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.

9. **Renewal of the Share Purchase Mandate** **Resolution 10 (See Explanatory Note 4)**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully-paid ordinary shares in the Company (the "Shares") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "Market Purchase") on the SGX-ST; and/or

(ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate in paragraph (a) of this Resolution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or

(iii) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated;

(c) in this Resolution:

"Prescribed Limit" means, subject to the Companies Act, 10% of the total number of issued Shares of the Company (excluding any Shares which are held as treasury shares) as at the date of the passing of this Resolution; and

"Maximum Price", in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as defined hereinafter),

where:

"Average Closing Price" means the average of the Closing Market Prices of the Shares over the last five Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-Market Day period;

"Closing Market Price" means the last dealt price for a Share transacted through the SGX-ST's Quest-ST system as shown in any publication of the SGX-ST or other sources;

"date of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"Market Day" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

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

BY ORDER OF THE BOARD

Choo Kok Kiong
Foo Soon Soo
Prisca Low
Joint Secretaries

Singapore, 13 April 2009

Notice of Annual General Meeting

Explanatory Notes:-

1. The Ordinary Resolution 7 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. In general terms, the number of shares and convertible securities that the Directors may issue under this resolution shall be up to an amount not exceeding in total 50% of the total number of issued shares in the capital of the Company calculated on the basis set out in the said resolution. The 50% limit may be increased to 100% for the Company to undertake pro-rata renounceable rights issues of shares and convertible securities. For issues of shares and convertible securities other than on a pro rata basis to all Shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total number of issued shares in the capital of the Company calculated on the basis set out in the said resolution.

2. The Ordinary Resolution 8 in item 7 is to authorise the Directors to issue Shares on a non-pro rata issue basis at a discount of not more than 20% to the weighted average price of the Shares for trades done on the SGX-ST.

3. The Ordinary Resolution 9 in item 8 relates to the renewal of the mandate approved by the shareholders on 17 April 2008 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 SGX-ST. Please refer to the Appendix to this Notice of Annual General Meeting for details.

4. The Ordinary Resolution 10 proposed in item 9 relates to the renewal of the mandate approved by Shareholders on 23 January 2009 authorising the Company to purchase its own shares. 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 991A Alexandra Road, #02-06/07, Singapore 119969 not later than 48 hours before the time appointed for the Meeting.